HALIBURTON ECONOMIC DEVELOPMENT STUDY

STAFF REPORT

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Economic Development Branch
Ministry of Treasury and Economics
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SUMMARY

This report presents the findings of a preliminary staff examination of current economic trends and development prospects in Haliburton County. The study's results are intended as background material for further County efforts in confronting current economic challenges and exploring the potential of a number of development opportunities.

The report notes at the outset that Haliburton's future expansion will be strongly influenced by a number of larger economic forces at work in the province, Canada and internationally. The impacts of an evolving economic order that in the late 1970's features more moderate growth, new uncertainties and major events such as trade liberalization and a devalued Canadian dollar are already being felt in the Haliburton economy, and will continue to frame its prospects.

At the same time the Study points to several local significant changes currently re-shaping the County's economy: an expanding labour force, the growing success of the service sector in generating new employment, and the strong performance of the wood manufacturing sector are most notable in this regard.

The first part of the report analyses current employment and investment trends in each sector of the Haliburton economy, and addresses their prospects for further growth. The analysis reveals a number of significant developmental considerations:

- The service sector (jobs in tourism, retail trade, professional and business services, education and health, and public administration, for example) has become the leading and fastest growing employer in Haliburton. The backbone of service employment - the tourism and recreation industry - now directly accounts for more than 40 per cent of County employment. The Study foresees opportunities for continued substantial growth in tourism and recreation, and explores this potential in more detail in chapter 2.

- The manufacturing sector is dominated by the wood-products industry which comprises 95 per cent of the that sector's employment. This industry is experiencing good growth, with strong markets and expanding production. Its current performance indicates potential for further expansion, and specific opportunities are explored in chapter 4.

  At the same time the report notes that diversification of the manufacturing base would appear to be a difficult proposition, given continuing comparative disadvantages such as distance to markets and lack of serviced industrial land, as well as current moderation in manufacturing expansion and increasingly keen competition for new industrial development.

- The forestry sector to a large degree must be analyzed in conjunction with the manufacturing sector, given the predominance

of the wood industry in the Haliburton economy. The report cites the problem of a growing shortage of good quality hardwood lumber and the resulting challenges that may confront the County's smaller mill operations. On the other hand, the study was alerted to potential short and longer-term opportunities provided by increased utilization of an excellent supply of lower-quality hardwood. These prospects are more fully discussed in chapter 4.

- The agriculture sector continues to face the severe competitive constraints of soil and topography - less than 1 per cent of the County has a soil capability of class 4 or better. After a period of decline, agricultural employment has now stabilized and features a solid beef production base.

  During discussions it became increasingly clear that a specific opportunity may be provided by expanding maple syrup production in the County. This prospect was given preliminary examination, and initial positive results (discussed in chapter 5) warrant further detailed investigation.

- The mining sector has traditionally been a volatile employer in the County. At present, only one operation is active; however, a good deal of exploration in the County's east side is currently underway, focused on uranium deposits. The likelihood of future production cannot be predetermined at this time, but the host of variables the Study encountered in discussions with mining companies are laid out in Appendix II.

- The construction sector, currently employing 10 per cent of the Haliburton work force, will continue to respond to developments in other sectors, particularly in tourism and recreation.

In sum, the analyses of Haliburton's economic sectors illustrate an evolving 'employment profile' for the County (Figure 10, pg. 24), and point to several directions with the greatest potential for expansion. The report focuses on a more detailed examination of each of these directions for growth, and on the more specific development opportunity offered by maple syrup.

DIRECTIONS IN TOURISM (Chapter 2)

In discussions with tourist operators, County officials, recreational associations and government contacts, and in a workshop on potential opportunities, three broad themes emerged: increased visitation, increased spending, and increased season. It is these objectives that guide the study's recommended initiatives in the areas of promotion; publicity; packaging; attractions; and business services to tourists.

At present tourist awareness of Haliburton is lower than other major recreational destinations in the Toronto market area. The costs and benefits of increasing existing promotion efforts at the County level could be evaluated by

Haliburton's tourist operators, County Council, the Chamber of Commerce and the Economic Developmen Commission. Consideration could also be given to further co-operative or joint promotion amongst operators, event sponsors and tourist - related County associations and businesses.

Effort could also be directed at supplementing promotional activities by gaining increased publicity on Haliburton in both published material and media coverage.

Many of the County's smaller tourist operations are too small to offer extensive services. These establishments may benefit by introducing formally organized and advertised joint packages in association with recreational facilities, sponsoring clubs, restaurants, entertainment spots and transportation carriers. Moreover, County operators may wish to explore with travel companies and wholesalers the potential of offering such packages as part of larger Ontario packages aimed at the rapidly growing overseas tourist market.

The inclusion of County attractions and events, such as the Leslie Frost Centre and winter carnivals, in the packaging of Haliburton vacations could stimulate increased visitation to these attractions and raise the potential for new events (such as a maple syrup festival) in the Haliburton tourist calendar.

At the tourism workshop it was proposed that the level of business services to tourists could be upgraded through cco-operative arrangements among County businesses that would stretch operating hours, through joint promotion and packaging, and through continued efforts to renew business areas for increased patronage by visitors.

DIRECTIONS IN COTTAGING (Chapter 3)

The report notes the substantial growth of cottaging in Haliburton and its importance to the local economy. The recent trend of converting seasonal vacation homes to year-round residences, and the addition of new year-round cottages will bring further benefits to the County. Of particular economic significance to the County will be investment in the future expansion of cottage development. In this regard successful efforts in attracting new recreational investment, including major planned recreational developments in existing and new locations would provide significant returns to the Haliburton economy. This potential could become part of the County's 'plan of action', currently being drafted under the auspices of the Economic Development Commission.

Unlike many other cottaging areas in Southern Ontario, Haliburton lakelands do not face major environmental or development capacity constraints. Indeed, a number of areas in the County are still to be opened, representing an opportunity for economic expansion that is still to be tapped. Some of this potential for new development comprises lakeland owned by the Crown. Following several ideas for new types of recreational development, the report suggests that the County consider discussions with the Ministry of Natural Resources regarding the feasibility of developing alternative and innovative recreational uses on Crown land.

DIRECTIONS IN FORESTRY (Chapter 4)

The report reiterates the consensus amongst mill operators concerning a diminishing supply of good quality hardwood timber and the availability of lower quality wood. Mills in other areas of Canada and the United States facing this issue have introduced short-log or bolt milling equipment to increase utilization. This potential could be considered by Haliburton operators, with the possibility of capitalizing the required technology through co-operative or joint venturing.

There is also a burgeoning demand for firewood in urban areas around Toronto. County loggers and mill operators might investigate further penetration of this market through larger volume contracts for lower quality hardwood on a regular, sustained basis.

The prospects for marginal output increases represented by increased kiln drying and chipping activities were also examined during the study, and preliminary analysis indicates that present capacities in and near the County are adequate to meet market demands. Finally, the outlook for energy production from County wood was investigated, and appears to be a longer-term proposition not yet economical.

ORGANIZING FOR DEVELOPMENT (Chapter 6)

As noted earlier, the attraction of new manufacturing to the County represents a difficult task. To face the keen competition and overcome its locational disadvantages, Haliburton will require an organized approach to business development and investment promotion.

Other areas in Central Ontario with small populations are actively pursuing industrial interest by hiring staff, setting up an organization for development activity, and budgeting for promotion and contact. The pre-requisite for such organizing includes a selective or targeted approach to development prospects and a plan of action.

The report cites the current formulation of such a plan of action by the Economic Development Commission as an essential component of organizing for development.

PREFACE

In 1978, the Provisional County of Haliburton approached the Government of Ontario to request its assistance in preparing an analysis of economic conditions and potentials in the County. The Honourable Frank Miller responded to this request by assigning the Economic Development Branch of the Ministry of Treasury and Economics to work with the County in conducting an economic development study for the area. The purpose of the study was to provide a preliminary examination which would document current trends, present a general assessment of future economic development potentials and forward a number of recommendations for local action.

This document is the result of these preliminary investigations and will hopefully provide the necessary base for further development efforts within the County. The Study is not meant to be an exhaustive examination of all aspects of the local economy, but rather is directed at some of the major isues confronting the County at this time. The analysis was somewhat restricted by both the limited time frame for the study and the shortage of available data on Haliburton County. However, the extensive co-operation and willing assistance which the Study team received from both organizations and individuals in the County helped to overcome these limitations.

This report is organized under four major themes. The introduction briefly discusses the Haliburton economy in the context of larger, more general economic factors; Chapter 1 outlines current economic trends, directions and prospects for the area; Chapters 2-5 elaborate on the prospects of key growth sectors identified in Chapter 1; and Chapter 6 discusses the task of organizing for development initiatives. A four-page summary is presented at the outset of the report.

Overall, the Study has identified several positive trends in the County's key sectors. Halibuton has very attractive natural amenities, is located close to major tourist markets, has room for substantially increased utilization of its extensive timber resources and has a mineral potential that is just now being determined. These observations conclude that potential does exist for continuing growth in Haliburton County, particularly in the tourism and recreation and resource processing sectors of the local economy.

INTRODUCTION

THE HALIBURTON ECONOMY IN CONTEXT

The last decade has brought with it significant changes in economic conditions which have generated a whole new set of development challenges. The OPEC oil embargo, the development of third world economies, increasing trade liberalization and the movement towards increased rationalization of production are but a few examples of change which have, in effect, challenged the existing economic order.

The combination of these new economic conditions has resulted in a substantial moderation of the rapid industrial growth experienced during the late 1960's and early 1970's. At a time when demographic conditions have resulted in a rapidly expanding labour force, this slow-down has increased the challenge of generating sufficient new employment to absorb the existing supply of labour. At the same time, the Canadian economy in particular has experienced a shift from the goods-based orientation of the 1950's, in which less than half of total employment was in service industries, to the current service - based economy in which these industries account for some two-thirds of all employment. It is anticipated that the majority - possibly as many as 80% - of all new jobs created over the next ten years in Ontario will be based in the service sector. The service sector has therefore become the focal point for expectations for a sizeable portion of new employment opportunities, although productivity and investment increases in the manufacturing sector are important to the stimulation of employment in the supporting service industries.

The moderation in economic growth coupled with the escalating need for job creation has resulted in a sharp increase in the competition for industry throughout the world. The Province of Ontario has recognized its role in this competition and has responded with policies designed to help keep Ontario competitive, to create a more attractive environment for investment and to assist in job creation.

These efforts by the Province are directed not only toward helping Ontario maintain its share of national growth but also toward helping to stimulate the local economies which together form the economy of the province. Although major economic fluctuations are normally viewed in the context of national or provincial economies, local economic circumstances such as the Haliburton economy are generally reflective of the larger economic trends. The impact of some of the recent economic shifts has already been felt in the Haliburton economy, the most obvious example perhaps being the change in the exchange rate for the Canadian dollar. Haliburton stands to derive great benefit from the decline in the relative value of the dollar even if it is of short duration, as this development has strengthened the forest products industry and made tourism in Canada much more attractive. At the same time, other macro-level developments such as the rising cost of gasoline could have a dampening effect on tourism and recreation expansion in the County.

Given the existing macro-economic climate within which the Canadian, Ontario and Haliburton economies operate it is expected that the following factors will condition development prospects in the County in the next few years:

1. economic growth will continue to occur, but expansion will likely be more moderate than the rate of development experienced by the Ontario and Haliburton economies during the late 1960's and early 1970's;

2. continued efforts will be required to create new jobs to absorb the expanding labour force in both Ontario and in Haliburton;

3. in attempting to gain new development, Haliburton faces an environment of keen competition, which demands concerted efforts at business and development promotion;

4. in all likelihood, Haliburton's development during the forecasted period of moderate economic growth will be based on expansion of the County's existing economic base.

These four macro-economic factors form the underlying base for the directions for economic expansion suggested in this study.

CHAPTER 1

THE HALIBURTON ECONOMY: TRENDS AND PROSPECTS

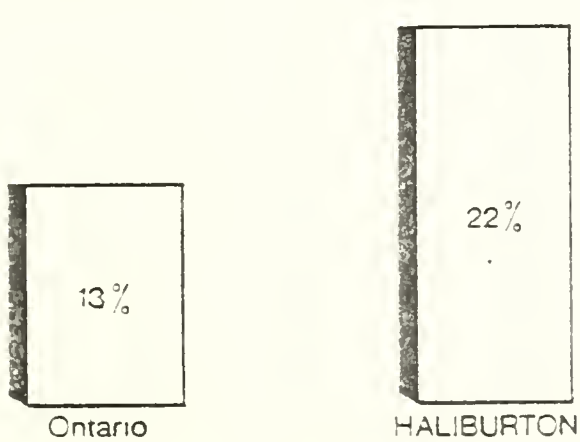
During recent years, the structure of Haliburton's economy has undergone significant change, as some sectors have assumed an increasingly important role in the local economy . In order to identify those sectors most likely to afford opportunities for expansion in the future, recent economic trends within each sector of the Haliburton economy have been analyzed and conclusions forwarded regarding growth prospects in each sector. Since growth results in an increased demand for labour, a brief analysis of Haliburton's labour force is also included.

1. AN EXPANDING LABOUR FORCE

A. Recent Trends

Between 1971 and 1976 Haliburton's labour force increased by 22 per cent compared to a provincial increase of 13 per cent (see Figure 1). Despite this growth, the rate of participation in the County's labour force remained below the provincial average. In 1976, the overall participation rate was 51 per cent,

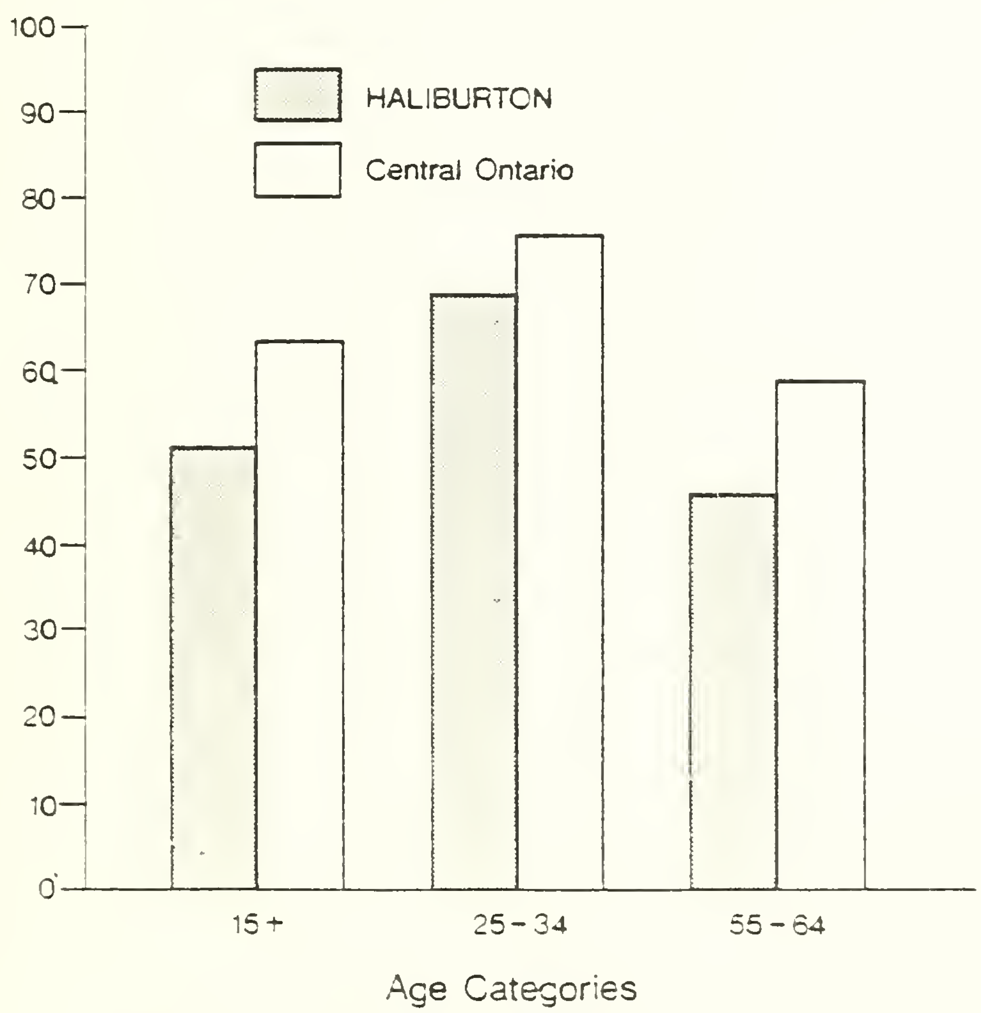
Fig. 1. HALIBURTON'S LABOUR FORCE GROWTH IS STRONG.



(Labour Force Growth Rates, 1971-1976).

more than 11 points below the participation rate for the province and down 1 point from the 1971 Haliburton rate of 52 per cent. The data also reveals that Haliburton's participation rates are not growing to the same degree as in adjacent Southern Ontario counties. The rate discrepancy is largest in the 25-34 age category (7 point difference) and in the pre-retirement age group (14 point difference in the 55-64 age category) as illustrated in Figure 2.

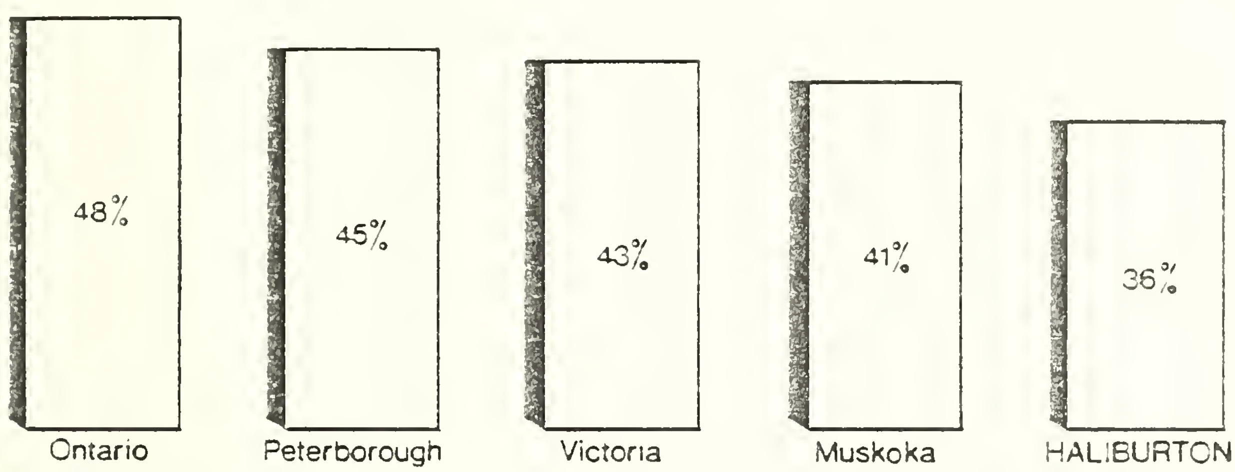
Fig. 2. LABOUR FORCE PARTICIPATION IN HALIBURTON IS BELOW AVERAGE.



(Labour Force Participation Rates, 1976).

The County's female participation rate lags even further behind the provincial average (36 per cent compared to 48 per cent in 1976) and it is growing more slowly than in neighbouring areas. Although the female employment has been increasing significantly, the coincident increase in population[1] has left little net impact on the participation rate.

Fig. 3. FEMALE PARTICIPATION IN HALIBURTON'S WORK FORCE IS LOW.



(Rates of Female Participation in Labour Force, 1976).

B. Prospects

Available information suggests that the labour force in Haliburton is increasing rapidly, underscoring the need to more fully utilize the County's supply of labour.

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[1] For further information on demographic patterns, see Background Planning Study, Totten Sims Hubicki Associates Ltd., November 1978 pg. 21-26.

2. THE LEAD OF THE SERVICE SECTOR

A. Recent Trends

Recent decades have seen several significant shifts in Haliburton's pattern of employment, highlighted by substantial changes in the demands for manufacturing and service sector employment. As in the Provincial, and indeed the national economy, Haliburton's employment base has evolved from dependence on manufacturing and primary activities (forestry, mining and agriculture) to a predominant reliance on the service sector (jobs in tourism, retail trade, professional and business services, education and health, for example).

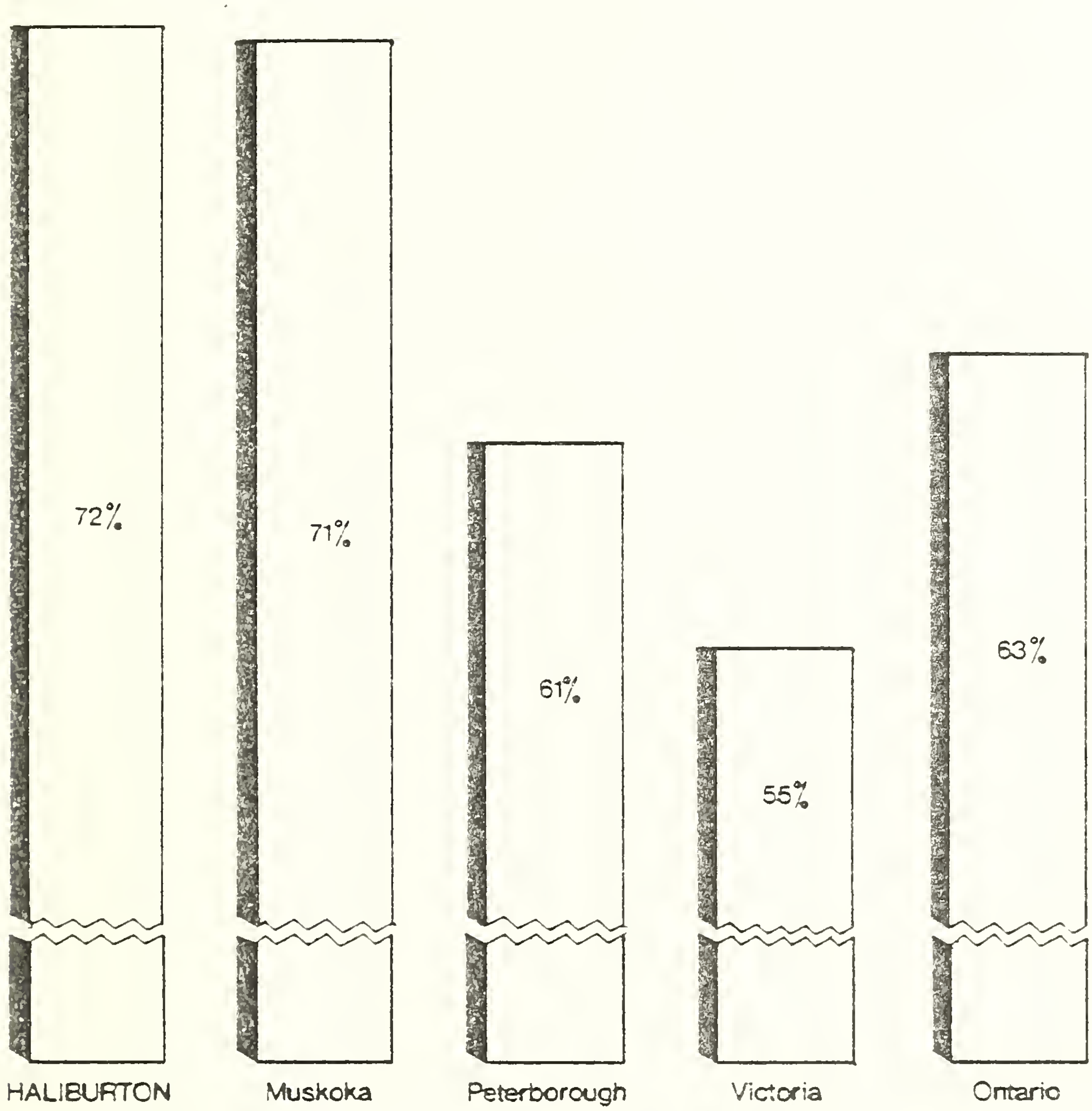
The movement over the last fifteen years towards a service-based economy has resulted in the service sector increasing its share of total employment from less than 60 per cent in 1961 to almost 72 per cent in 1978. This exceeds by almost 10 points the employment share of the service industries in Ontario, and is also greater than in the neighbouring counties of Muskoka, Peterborough and Victoria (see Figure 4). This service sector growth has created a more diversified economic base in Haliburton and has provided a major stimulus to the County's two main centres, Haliburton and Minden.

Employment information on the "service sector" is broken into five main groupings for analysis:

- community, business and personal services;
- public administration;
- transportation, communications and other utilities;
- finance, insurance and real estate; and
- wholesale and retail trade.

Each of these groups is examined below.

Fig. 4. SERVICE INDUSTRIES ARE HALIBURTON'S TOP EMPLOYERS.



(% Total Employment in Service Industries, 1978).

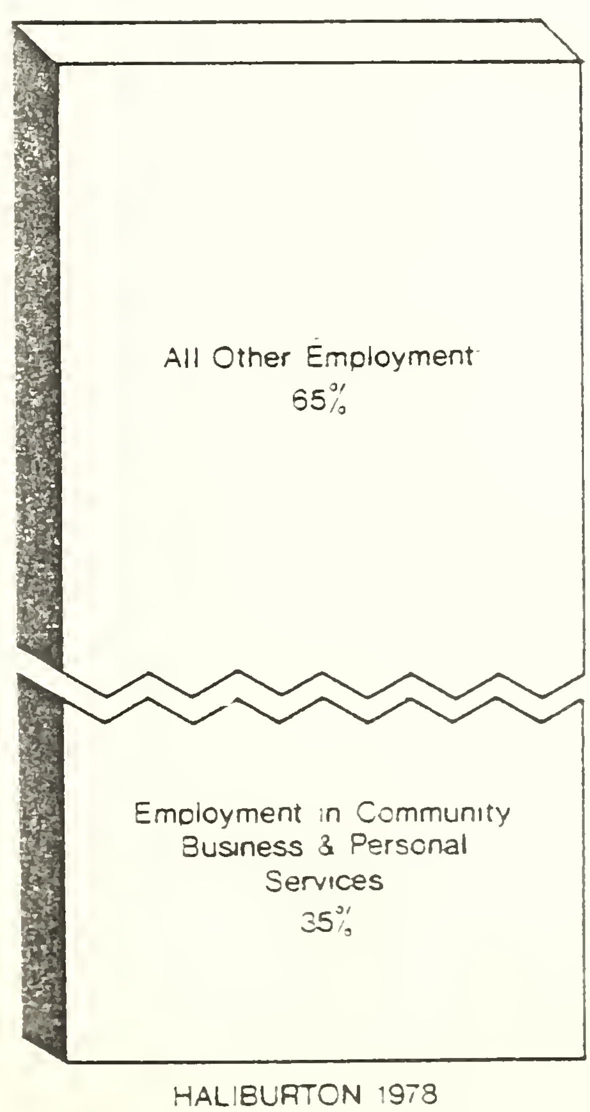
Community, Business and Personal Services (CBPS):

This service group consists of the following eight categories:

- education and related services;
- health and welfare services;
- religious organizations;
- amusement and recreational services;
- services to business management (e.g., employment agencies, computer services advertising);
- personal services (e.g., shoe repair, barber and beauty shops);
- accommodation and food services;
- miscellaneous services.

Employment growth in the CBPS group has led Haliburton's expansion over the last decade, accounting for one of every two new jobs created over this period. Currently, more than a third of County employment is found in these services, as illustrated in Figure 5. Indications are that this service group has

Fig. 5. MORE THAN ONE THIRD OF ALL HALIBURTON WORKERS ARE IN CBP SERVICES.

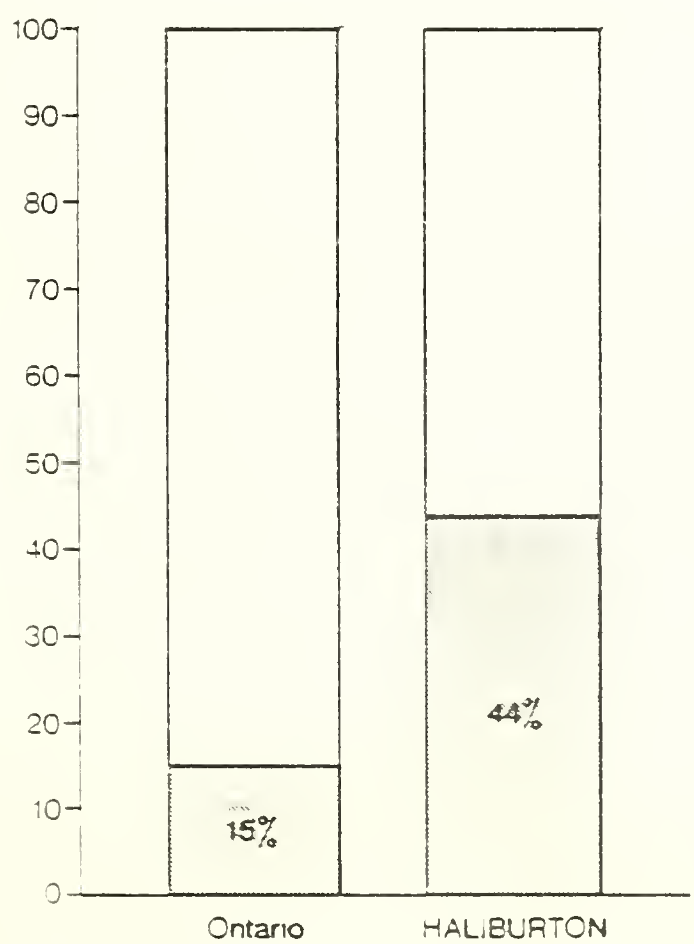


provided an expanding job base not only for County residents, but also for over 200 employees from outside the County, many of whom are seasonal workers in tourist and retail operations.

Within the CBPS group, the Accommodation and Food Services category (AFS) employs almost 45 per cent (see Figure 6) and accounts for about 80 per cent of the group's sales and receipts. The AFS share of the group's employment in the Provincial economy is approximately 15 per cent, a comparison which serves to emphasize the importance of a strong tourism industry in Haliburton. Although no published data is available, discussions with tourist operators within the County suggest that both investment and employment growth in the tourist industry have stabilized in recent years, similar to the broader Ontario trend.

The other major employers in the CBPS group in Haliburton are education and health and welfare services, together accounting for close to 40 per cent of employment in the group. Employment growth in these cateogries was significant throughout the 1960's and early 1970's but this growth also has levelled off.

Fig. 6. MORE THAN 40% OF HALIBURTON CBP SERVICE WORKERS ARE IN ACCOMODATION & FOOD.



(CBP Services in Accom. & Food, 1978).

Reflecting the County's limited 'local' market, the personal and business services categories account for approximately 15 per cent of the jobs in the group - compared to the Provincial average of about 33 per cent.

The Amusement and Recreational Services category (including such things as golf courses, cinemas and bowling alleys) is also a small but important employer in Haliburton's CBPS group.

Other Service Sector Groups

i) public administration

The administration of an increasing array of public services throughout the 1960's and early 1970's resulted in substantial job creation in this service sector group - in Haliburton as in Ontario. Current fiscal restraint coupled with the realization of major gains in the level of public services has led to a levelling of employment demand in the area of public administration.

ii) transportation, communications and other utilities

During the 1960's an upgrading, similar to that experienced in public services, occurred in the utilities and communications field. As a result, available data for the last several decades shows a marked increase in employment in this group, followed more recently by a levelling of job growth.

iii) finance, insurance and real estate

The County's share of employment in this group historically has been below the Ontario average. To some extent, this reflects the lack of a large population base in the County, and the lack of a large urban centre. Indications are that much Haliburton business in this field is handled out of Peterborough, Lindsay, and Oshawa and Toronto. Most of the cottage population receive these services in conjunction with their regular bank and insurance agent. Real estate services are, of course, quite different, and local employment has grown since the 1960's.

iv) wholesale and retail trade

An estimated 150 new jobs have been created in wholesale and retail trade in the last 8 years, representing an employment gain larger than forestry and manufacturing - in fact, second only to the CBPS group. Employment in trade has experienced good growth throughout Ontario, suggesting a broad increase in consumption as a result of several decades of rising personal disposable income. In Haliburton's case, an increase in both cottage use (year-round) and cottage conversions (supply and materials), as well as generally rising incomes can be cited as factors in this growth.

B. Prospects

Given the importance of tourism in Haliburton's economy, the most likely source of future employment growth in Haliburton's sevice sector is the accommodation and food service group.

The County's tourism infrastructure, excellent natural amenities offering year-round potential and accessibility to major urban markets are factors supporting a growing trend in local tourist activity. With current exchange rate advantages and increasing demand for winter recreation, the County is well placed to expand its tourism industry and the accommodation and food services appear to offer continued potential for new employment opportunities in the County. Expansion of these services would also serve to increase female participation in the work force (over two-thirds of those currently employed in this industry are women).

Expansion of the tourist industry in the County would generate more activity in recreational services and the trade sectors as well. Recreational investment responds not only to increased leisure time and disposable income but also to growth within the tourist sector. New recreational investment in Haliburton would not only make the County more attractive to tourists, but would also motivate increased spending by cottagers and other recreational customers in the County. Significant new employment opportunities in the amusement and recreational services would result if a new major attraction or

a number of additional smaller attractions and facilities are established in the County. Without such stimulus, job growth in this field will be more limited. Similarly, increased recreational and tourist activity would provide the necessary base for further expansion in the trade sector.

It is unlikely that any of the other service sector groups will generate more than marginal growth in the near future. The substantial investments required to ugrade and equalize public service levels have in main been addressed. This, coupled with public expenditure restraint, has resulted in a levelling off of growth in education, health and welfare services. In all likelihood, these services will only experience incremental growth in response to whatever population growth occurs. Similarly, employment in public administration has been affected by fiscal restraint, so only marginal employment growth can be expected. New employment opportunities in transportation, communications and other utilities also will likely be tied to population increases, although some additional jobs may be added in servicing new cottage developments and expanded year-round use of existing vacation homes.

Finally, growth in business and personal services and in finance and insurance services is largely dependent on population growth and therefore would appear not to be likely sources of major employment growth for the County. Real estate services hold some new job potential if new cottage stock or lots are introduced in significant numbers.

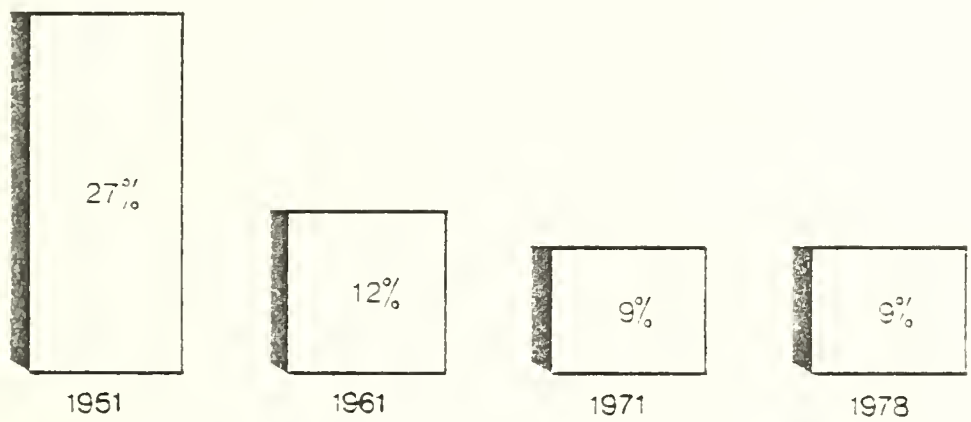
In sum, new service sector job opportunities in the County will centre on serving expansions in the County's tourist and recreation industry, and its permanent and cottager populations. This market is seen to hold considerable job potential, particularly if major new investments are undertaken. Some specific ideas to assist in realizing this potential are discussed in Chapters 2 and 3.

3. MANUFACTURING: GAINS IN THE WOOD INDUSTRY

A. Recent Trends

The manufacturing sector's share of total employment in Haliburton has been steadily declining in recent years. In 1951, manufacturing jobs accounted for almost 27 per cent of the County's employment; by 1978 this share was less than 10 per cent (see Figure 7). In fact, Haliburton today has a smaller manufacturing/total employment ratio than its neighbouring counties and the Ontario average.

Fig. 7. MANUFACTURING'S SHARE OF HALIBURTON'S TOTAL EMPLOYMENT HAS CHANGED.

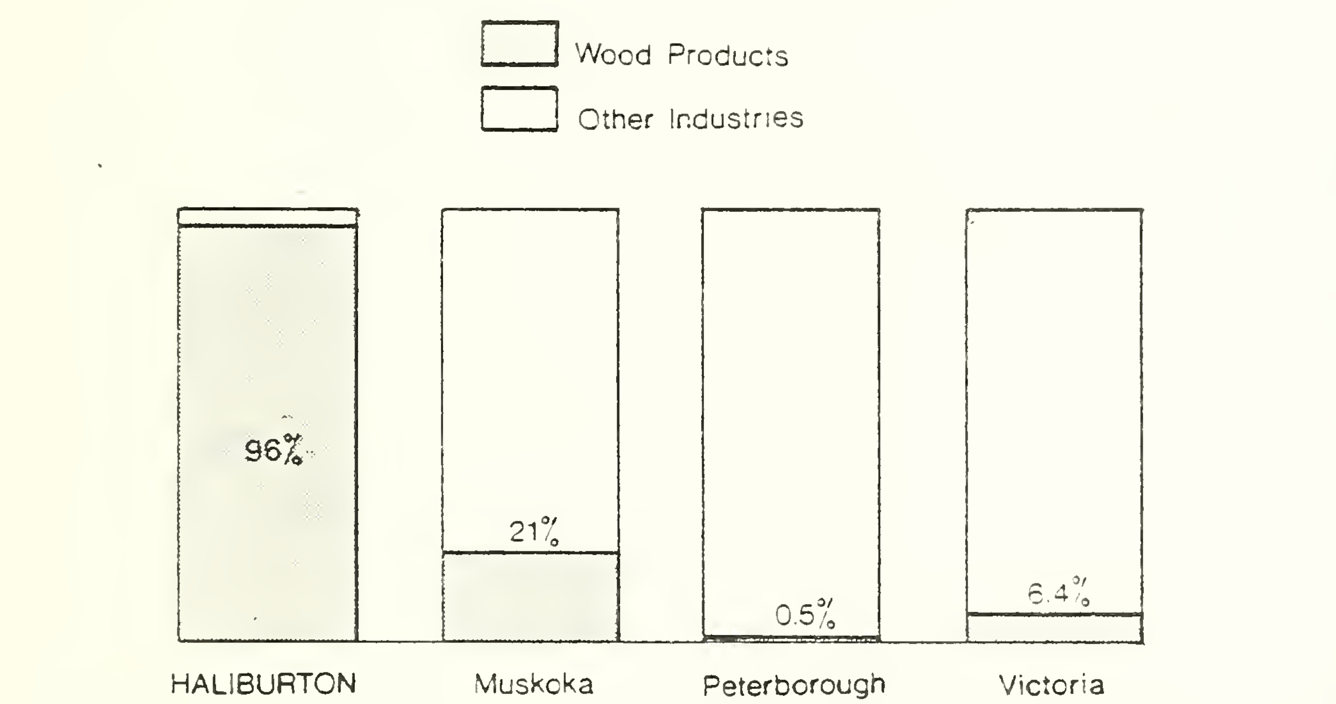


Despite the relative decline in its importance as an employer, the manufacturing sector plays a very important role in Haliburton County. Estimates indicate that the 325 manufacturing jobs in 1971 have grown to over 400 at present, no doubt triggering gains in service employment as well.[2]

[2] Estimates on such 'multipliers' or 'spin offs' vary widely (large-scale estimates cite 70 new service jobs are created by 100 additional manufacturing jobs): these cannot be applied with confidence to Haliburton without a great deal of in-depth survey work.

This growth in Haliburton correlates to a large degree with the current strong position of wood-based industries throughout the County, since more than 95 per cent of the County's manufacturing employment, shipments and value added are concentrated in such industries. The wood-based industry in Haliburton is comprised almost exclusively of sawmills. There are nine of these and one veneer mill in the County, the main product being quality hardwood lumber.

Fig. 8. WOOD PRODUCTS ARE THE KEY TO HALIBURTON MANUFACTURES



(Wood Products as a % of Total Manufacturing Employment, 78)

Wood-based industries throughout Canada and in Haliburton are now experiencing good growth: markets are strong and production has expanded. Published data on the industry's strength in Haliburton is scarce, and a ready and reliable measurement of actual growth in production, employment and investment is difficult. However, the recent strong performance of the County's three largest wood product establishments - Martin Lumber, Wilberforce Veneer and Hunter Lumber - can be considered a good indicator.

Expansion of the existing base has been assisted in the past through loans under the ARDA program. Under this program, three operations in Haliburton received loans totalling approximately $190,000 between 1975 and 1978.

In addition to wood-processing industries, a small number of jobs in metal fabrication and printing and publishing are also represented in Haliburton's manufacturing sector.

B. Prospects

The predominance - present and historical - of the wood products industry in the County and the current growth of this manufacturing sector make it a prime candidate for economic expansion efforts in Haliburton.* Because of the high degree of interdependence between manufacturing and forestry operations in the County, several directions for expanded activity are addressed in Chapter 5 in conjunction with the directions for forestry operations.

While the wood industries are expected to remain the paramount manufacturing activity in the County, ancillary activities should not be overlooked. The printing and publishing industry, for example, might hold some potential for growth based on local business generated by increased County or privately-sponsored tourist promotion, or in the printing component of business and industrial development activities. The Study has not explored current printing and publishing arrangements of entrepreneurs, municipal and the County governments, nor the capacity of existing Haliburton printing operations. However, a 'home' tender policy by County government, the Chamber of Commerce, and by Haliburton businesses may provide an incentive for capacity expansion and diversification of County printing operations. This possibility should be explored further.

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* Data presented at the Forestry workshop on May 2 indicated that in 1978 County operations produced around 36 million board feet of lumber, 132,000 green tons of chips and 22 million square feet of veneer, for a total value of $24.5 million.

Examples of other small manufacturing activities that might warrant further examination are cut-to-size furniture plants and toy manufacturing. It should be recognized, however, that Haliburton will continue to face comparative disadvantages as a location for significant manufacturing activity. Distance from markets, lack of highly developed industrial services and lack of specialized labour skills militate against new large-scale manufacturing being attracted to the County. As well, increasingly keen competition for industrial development in today's market makes it even more difficult for areas without an established manufacturing base to attract new development. Other areas, however, have faced similar circumstances and yet have attracted selected industrial activities with some success.

The availability of reasonably priced industrial land can play an important role in industrial location. At the present time, the Municipalities of Anson, Hindon and Minden and Dysart et al are each holding parcels of land zoned for industrial use. There are 85 acres of land just north of Minden, 10 acres along Highway 51 near Donald and almost 100 acres on Highway 121 east of Haliburton Village (the latter currently being used for winter sand supplies). It is understood that the land is available at a very reasonable price, a fact which should be made known to potential investors who face prices starting in the neighbourhood of $50,000 per acre in the Toronto area.

Despite the availability of inexpensive industrial land, the County is somewhat constrained in the types of industry it can attract because of the limited servicing available. None of the existing industrial lands are serviced by municipal water or sanitary sewage systems. The Town of Minden does have both water and sewage services, but extension of these services to the industrial area would necessitate very large capital expenditures on the part of the municipality. Until more servicing is available, new industries locating in the County would have to be able to operate with a well and a septic or a holding tank system.

Recognizing this lack of industrial servicing, the nature of the local resource base and distance from many markets, it is unlikely that Haliburton can attract a major chemical complex or other such large-scale industrial activity. However, there are still opportunities for development: for example, some so-called "dry" industries* would not be affected by current servicing limitations and might well be pursued as growth opportunities.

Further discussion of manufacturing potential in Haliburton is contained in Chapter 4 (forestry directions) and in Chapter 6 as part of a broader discussion of development and promotion.

4. FORESTRY: WOOD SUPPLY AND UTILIZATION

A. Recent Trends

Given the structure of Haliburton's economy, activities in the manufacturing and forestry sectors are highly inter-dependent (i.e., the County wood industry) and must be read largely in conjunction with each other. Indications are that although forestry's share of County employment has dropped significantly over the last two decades (from 7.2 per cent to 2.2 per cent), the sector has stabi'ized and some new jobs have been added.

B. Prospects for Growth

On the basis of the preliminary analysis, forestry operations in Haliburton (including the manufacture of wood products) appear to offer good growth potential in the long term and warrant further investigation. In particular, there appears to be significant potential for increased utilization of low quality timber. Prospects might include bolt milling and fire wood marketing in the short term, and fuelwood and pulp use in the longer term. At the same time, the sector is not without its problems. Current operations are affected by the

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* Some of these "dry" industries are: furniture and fixtures; partitions and fixtures (ventian blinds, etc.); non-ferrous foundaries; structural metal products; metal-working machinery; medical instruments and supplies; jewelry (real and costume) and pens, pencils and office supplies.

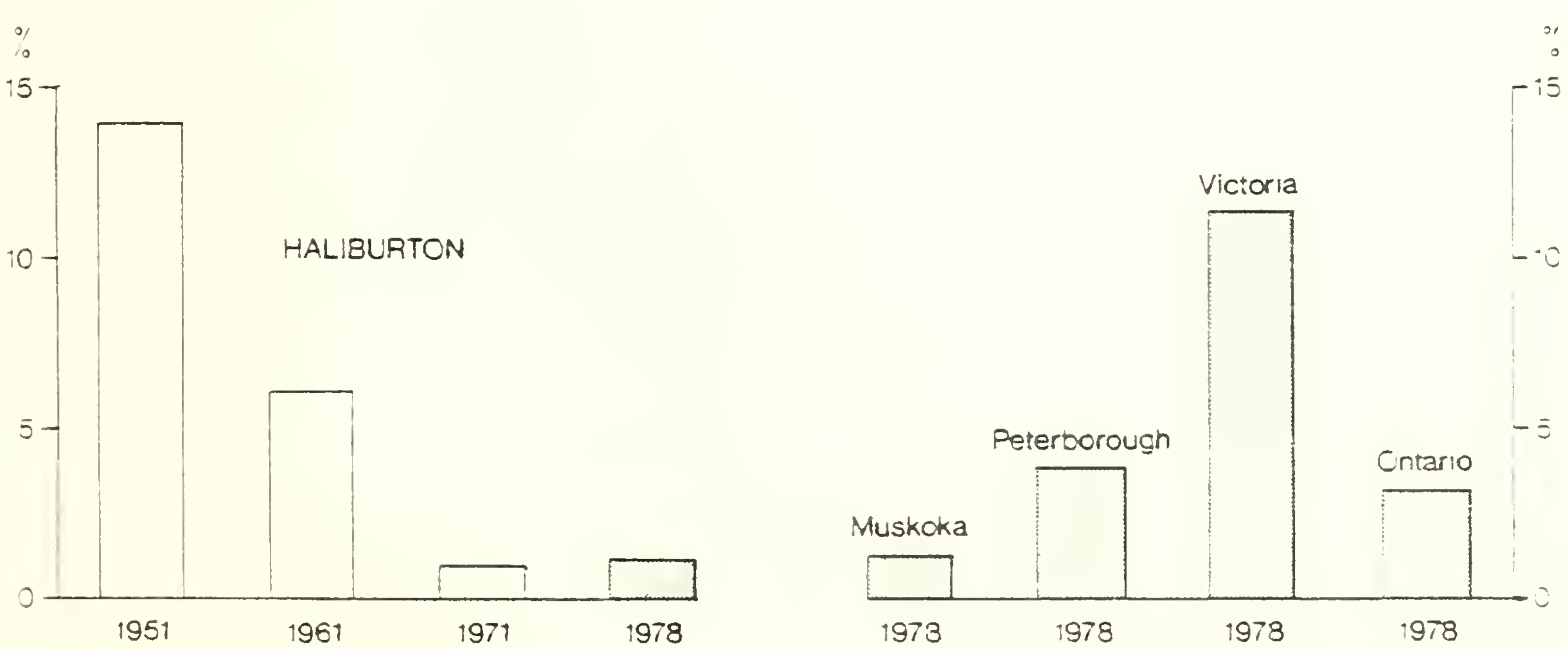
growing problem of quality hardwood supply, with smaller operators in particular being hurt by these shortages. These operators may also face difficulties in raising funds required to capitalize on new opportunities. Resolution of these challenges will determine to a large extent the employment and investment growth potential in both the forestry and the wood products manufacturing sectors. These issues are discussed in Chapter 4.

5. AGRICULTURE: SEVERE DEVELOPMENT CONSTRAINTS

A. Recent Trends

The share of County employment engaged in agricultural activities has dropped substantially over the last 20 years, as it has elsewhere in Canada and in Ontario. Currently it accounts for only 1 per cent of County employment, lower than the Provincial share (slightly over 3 per cent) as illustred in Figure 9. In absolute employment terms, County agriculture employment has remained stable over the last 8 years.

Fig. 9. HALIBURTON'S AGRICULTURAL POTENTIAL IS LIMITED.



(% Total Employment in Agriculture).

Beef production has traditionally been the County's most important agricultural activity, and although there has been a significant decline in recent years, there are still some 1,500 head in the County.

B. Prospects

Haliburton's severe soil and topographic limitations make any competitive expansion of agreicultural activities extremely difficult. The County lies on the Canadian shield, and less than one-tenth of one per cent of its total acreage has a soil capability of Class 4 or better. However, agriculture activities do serve as an important supplementary activity in the County, and the Resource Appraisal Study identified a trend of younger people moving onto the farms, with a corresponding stabilizing influence in Haliburton agriculture. The organization of County beef producers is also recognized as a positive step in stabilizing agriculture activities in the County.

During the past year, some advisory and financial assistance was made available through the Ministry of Agriculture and Food for a small-scale venture in low bush blueberry production on a cash crop basis. Assistance by the Agriculture Ministry to growers in the Bancroft area of north Hastings last year resulted in the planting of 13,000 blueberry plants. Initial investigation into this possibility for Haliburton found that the lack of suitable topography in the County would severely limit this potential.

One particular area which has been identified to hold substantial income and employment potential is that of expanded maple syrup production. There are currently three main producers in the County, supplemented by a number of farmers who harvest for individual needs or for a very local market.

Over 75 per cent of the maple syrup consumed annually in Ontario is currently imported, indicating the size of the potential market. Conservative estimates suggest that close to 20 per cent of Ontario's maple syrup could be produced in Haliburton. This would have a significant impact on the Haliburton economy, and is therefore examined further in Chapter 5 of the report.

6. MINING: ACTIVE EXPLORATION

A. Recent Trends

Mining activity has long been a volatile sector in Haliburton's economy. Although it has not accounted for more than one per cent of the County's total employment over the last decade, there were previous periods of significant activity, especially in the County's eastern area. At present, mining activity is limited to one operation - the Bolender marble - quartz mine near Eagle Lake.

B. Prospects

The County is well-endowed with various metallic and non-metallic minerals, and in the east, exploration is active. The Bolenders operation is examining the potential for producing lime for agriculture uses, which might result in several new jobs. Further details on current exploration activities in the County are contained in Appendix II, which discusses the various uranium properties in the Cardiff Township area and reviews ongoing exploration of various industrial minerals, includng nephline-syenite in Glamorgan Township.

Given all the variables involved in a decision to start up mining operations, it was beyond the scope of this study to determine in detail the potential for new mining development in the County. A number of factors influencing such development were isolated, however:

- In order to obtain economic scale requirements, joint ventures involving a number of claim holders might be required. An accurate determination of the size of reserves is also critical because of these scale requirements.

- The mining, as well as the utilization of uranium in particular, is affected by environmental considerations.

- At the same time, the County is well located with respect to Central Ontario markets, particularly for selected industrial minerals.

- The County has a long history of successful mining activity and is currently one of the most active exploration areas in the Province.

- The proximity of the County to major urban services and its abundant tourism and recreational resources make it a much more attractive environment than remote locations for attracting and holding mining personnel. This may become a significant factor when major investments are considered.

In conclusion, major mining employment gains will depend on the results of continuing current active uranium and base metal exploration in the Cardiff and Monmouth areas, and on a wide range of external factors affecting the feasibility and profitabilty of new mining operations. If a major uranium development were to be undertaken it would have significant employment effects. It has been estimated that a mine and mill complex of minimum economic scale would generate approximately 400 new jobs.

7. CONSTRUCTION

A. Recent Trends

Although Haliburton's construction sector has not been examined in detail, available data does show that the proportion of County employment in this sector - slightly more than 10 per cent - is well above the Provincial average and is higher than in Peterborough and Victoria, although similar to Muskoka's share. The growth in Haliburton cottaging over the last decade has assisted growth in this sector, adding an estimated 100 new jobs since 1971.

B. Prospects

New job opportunities in construction in the County will depend on a number of factors, including:

- the present and future rate of cottage conversions to year-round use, and the attendant upgrading and maintenance;
- the addition of new cottage stock, as well as its nature - prefab or stick-built;
- additions to the County tourist plant, including new facilities, upgrading and winterizing; and new manufacturing and service sector activity, and their building requirements.

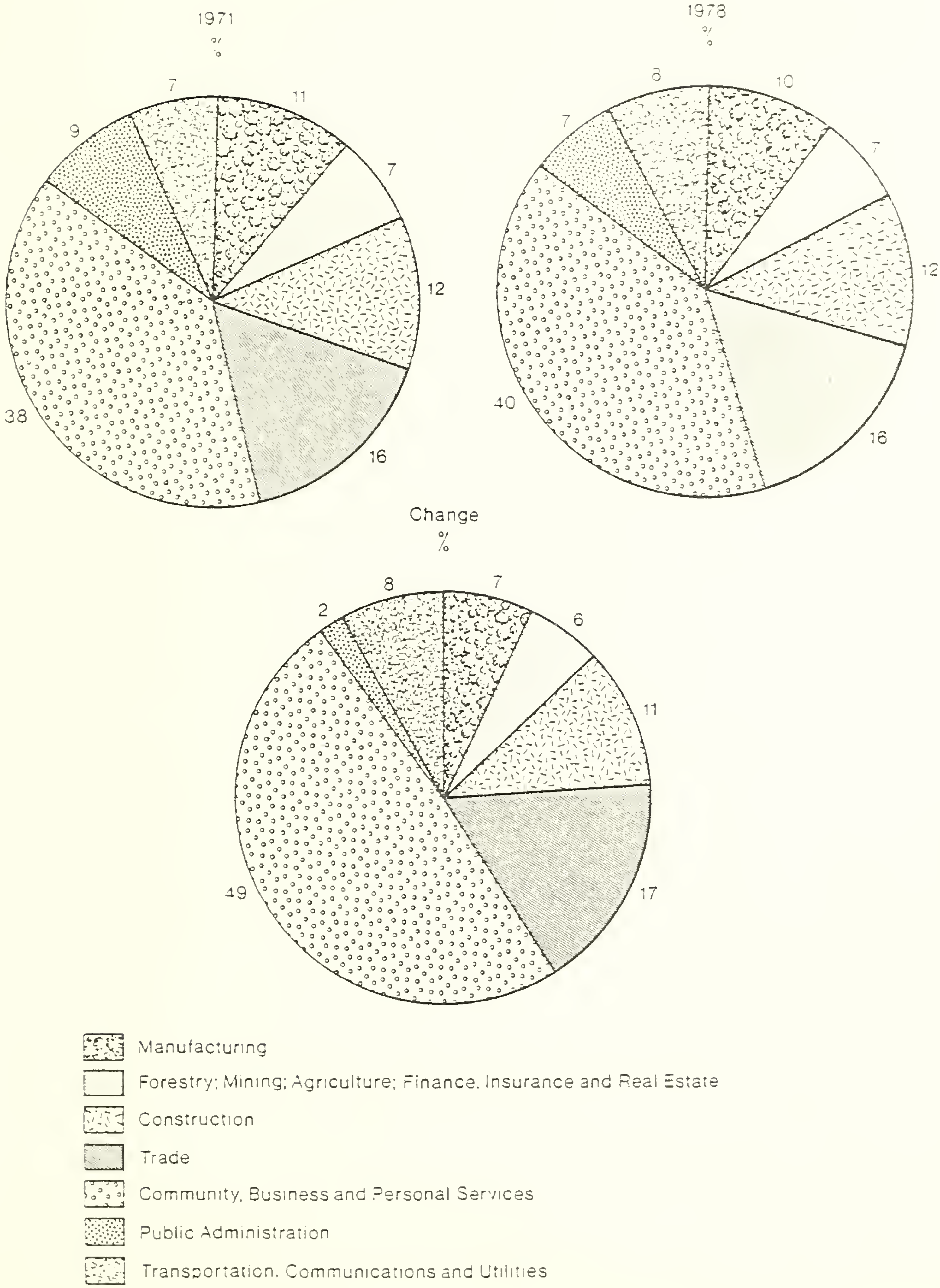
As indicated above, construction employment has shown considerable growth during the 1970's. The extent to which this pattern continues will depend on the factors cited above, illustrating that growth in construction employment and activity will continue to be in response to investment in other sectors.

CONCLUSION

This section has provided an overview of the current trends and prospects of the principal sectors of the Haliburton economy. These trends may best be summarized in the following figure (Figure 10) which compares County

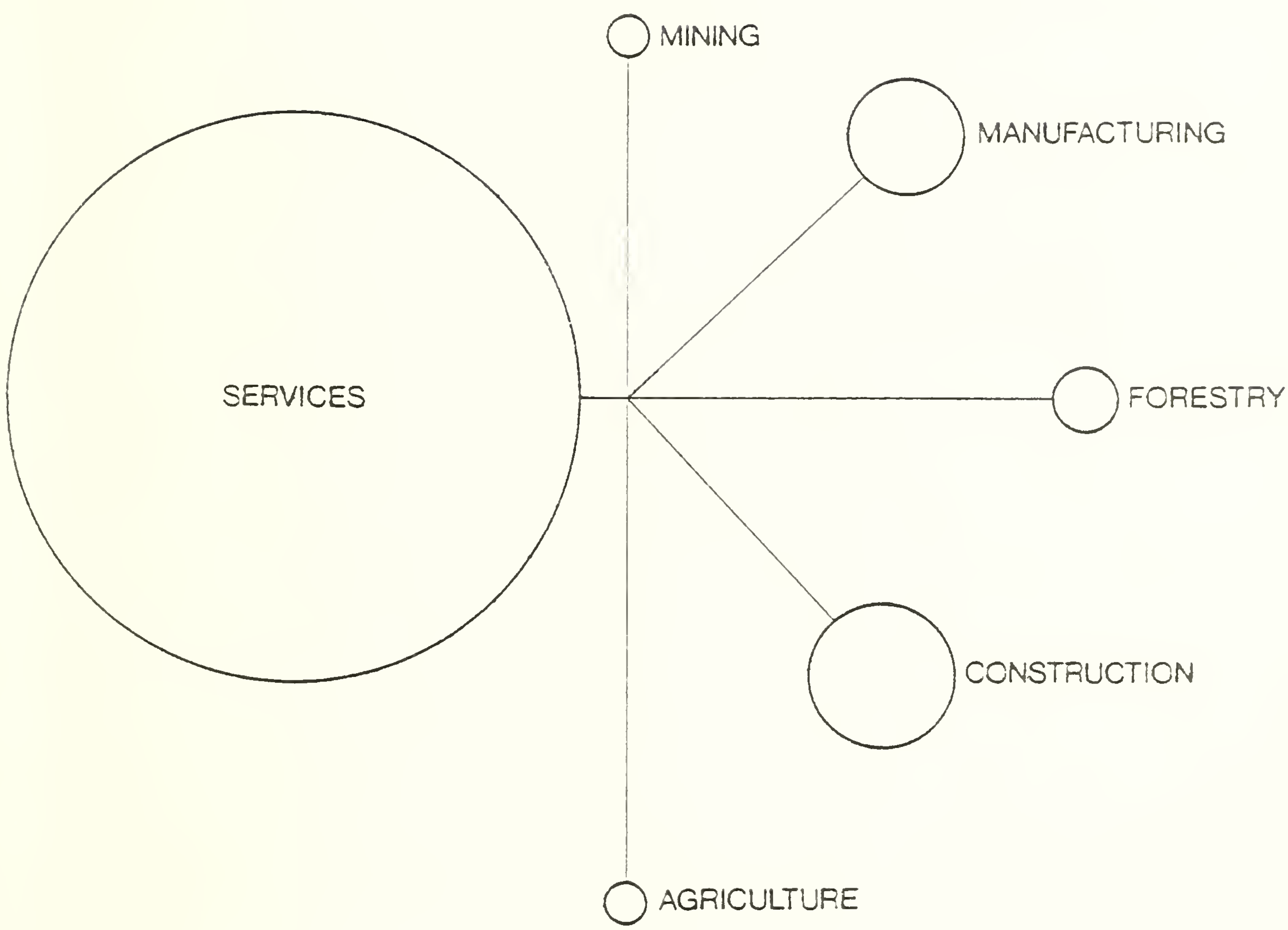
employment in 1971 to present job levels, and shows the relative employment growth by sector. The analysis suggests the County has the greatest potential for expansion in the activities of tourism and recreation, forestry and related manufacturing, and a particular specialty agricultural product - maple syrup. A more in-depth discussion of the potential of these sectors, and suggestions for enhancing their development is contained in the following chapters.

Fig. 10. HALIBURTON'S CHANGING ECONOMIC STRUCTURE.



(% Total Employment in Sector).

HALIBURTON'S ECONOMIC STRUCTURE



CHAPTER 2

DIRECTIONS IN TOURISM

As illustrated earlier, Haliburton's tourist industry is a leading employer in the County and holds considerable promise for continued development. This chapter focuses on a number of opportunities for this expanison.

Some of the discussion reflects suggestions from tourist operators and other people in the County.[3] The ideas presented here certainly are neither an exotic nor exhaustive list of opportunities for growth. Each potential cited is intended as a beginning. Further effort and investigation will be required by Haliburton tourist operators and related interested groups.

Finally, the following discussion does not dwell on the well-known problems of the County's tourist operators. In many ways, these problems are generic to the tourist industry throughout Ontario and in fact the country; indeed they are operational problems of a number of industries. Instead, the chapter focuses on more positive prospects related to such things as promotion, publicity, packaging, special attractions and events, foreign visitation and business infrastructure.

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[3] Information contained in this section was gained from Ministry of Industry and Tourism and County sources, including the Chamber of Commerce. This section reflects discussions held with over twenty Haliburton tourist operators and the results of an afternoon tourism workshop. At this session, a number of operators met with representatives of various County associations and the Study team to discuss a number of short-term directions for the tourist industry. A number of ideas were forwarded and specific conclusions were reached for follow-up. Many of the ideas presented in this section come from the workshop.

State of the Tourism Industry

All indications point to continued growth in tourism, both in Ontario and Haliburton. In 1973 the County attracted 700,000 visitors[4], who spent close to $20 million locally. Estimates for 1978 indicate 800,000 visitors, with a comparable expenditure of over $40 million. In five years, an additional 100,000 visits annually has led to a doubling of local spending. Such growth is expected to continue. This optimism is fueled by:

- an exchange rate that attracts American visitors and reinforces the growing market of other foreign tourists;
- the accompanying disincentive of expensive foreign travel for Canadians; and
- a growing Canadian appreciation for winter recreation leisure.

These positive signs must be weighed against a recent levelling off in growth of personal disposable income, and increasing energy costs.

The County's tourist industry has undergone significant structural change over the past two decades. The number of tourist establishments has declined from 214 in 1955 to 163 in 1976. Although no new facilities have been established in Haliburton since 1976, the number of accommodation units has increased, from 3,284 in 1971 to 3,475 in 1976. This trend to fewer and larger establishments can be found throughout the Province, and appears to be in response to changing tourist demands and tastes. Larger facilities that offer a range of activities and conveniences are being preferred by many tourists over the smaller, efficiency cabin-type establishments. The change is evident in Haliburton: more than one third of the County's units are provided by 15 per cent of the establishments.

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[4] All estimates of visitors in this report are based on published MIT sources.

This trend does not imply any undermining of the many smaller tourist operations. In discussions with a number of these establishments, many of the operators reported a satisfied market (regular return guests) and they feel that profitable tourist operations can still be supported by clients who seek a smaller and quieter establishment with few frills. In many instances, these operators are open summer only - in most instances cited as a preference of the operator.

There do appear to be difficulties in operating the older resorts in the County. Since 1969, the closure of 28 establishments has been reported -most of these of older stock - and during the Study a number of operators cited recent ownership turnovers as evidence of growing problems in maintaining and upgrading these resorts, and keeping bookings.

One final note should be forwarded on a theme heard recurrently throughout the Study: Haliburton bases its tourist appeal on its beautiful natural resources. The accent in the County lies with the pleasant and natural. With over 600 lakes and over 500 miles of groomed snowmobile and cross-country trails, Haliburton tourism will continue to utilize this existing natural base.

Opportunities for Growth

Given Haliburton's enviable natural supply of tourism opportunities. the focus of this chapter lies in stimulating tourist <u>demand</u> for enjoying these resources. This broad objective embodies three components:

i) increased visitation - attracting more Ontario tourists,[5] receiving more American vacationers, and capitalizing on the very recent and significant growth of European tourists in Ontario.

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[5] This section deals primarily with attracting tourists to the area, but as one operator pointed out, there is a great deal of potential in developing more convention or business trade.

ii) increased spending - greater local 'shopping' for accommodation, goods and services by County tourists, both by the present stock of visitors and by new tourists. There exists potential for increased local consumption by cottagers as well.

iii) increased season - extension of the summer season to 'shoulder' periods, and further stimulation of the growing winter market; greater visitation during midweek periods.

These prospects are based on further capitalization of trends already existing both in Haliburton and Ontario. As pointed out earlier, tourism visitation has increased substantially in Haliburton over the last five years, and spending has doubled. Winter bookings have likewise grown,[6] and the County's largest establishments are now fully-booked on weekends for most of the winter season.

Throughout the examination of tourism opportunities, a recurrent concern was raised about Haliburton's location - "at the end of the road". This natural disincentive might imply connotations or traveller perceptions other than geographic; at any rate, this continuing Haliburton disadvantage - compared to the Kawarthas or Muskoka, for instance -does result in extra effort being needed to attract new visitors. At the same time, it reveals a consensus about the location of the County's main market - the Toronto Area. Discussions with County tourist operators on how to increase visitors revealed several common needs:

1. greater awareness or visibility of the Haliburton Highlands in the Toronto market, through increased PROMOTION and PUBLICITY;

2. a greater variety of "things to do", to attract the tourist and to interest him while in the County, through further development of ATTRACTIONS and EVENTS;

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[6] Winter acivity has increased in the County generally, as illustrated by a Dorset businessman who reported his snowmobile sales increased by threefold in the last two years.

3. better services provided for the tourist in the County, through an increase in the variety and level of business services oriented to TOURIST NEEDS;

4. further enhancement of Haliburton as a destination, through further efforts directed at vacation PACKAGING.

1. Promotion: Visibility in the Toronto Market

Most County tourist operators conduct their own individual promotion or advertising. This consists of letters or brochures in the small to medium-size establishments, and is supplemented in the larger operations by billboards and highway signs. Some operators also attend trade shows, particularly those in Ottawa and Toronto. The Pinestone Inn, the County's largest tourist establishment, maintains a toll-free line for Toronto area inquiries and reservations.

County establishments' promotional efforts usually run from 2-6 per cent of operating expenses. These individual expenditures are supplemented by broader-scale promotion at the County level by the Chamber of Commerce, and at a larger regional level by the Ontario assisted Central Ontario - Travel Association (COTA).[7] While there does not appear to be a consensus amongst operators on the advantages of increased promotional efforts at the larger regional level, there is agreement that more County -scale promotion would be beneficial.

The prospects of increased County promotion, beyond the material presently put out by the Chamber of Commerce, would require a larger budget. Logical sources for this increase in funding would be increased financial contributions to the Chamber by operators, and increased financial sponsorship by County Council. Increased promotion would also mean greater involvement

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[7] COTA is jointly funded by member counties and the province and covers a broad area, from Haliburton down to Lake Ontario.

by the participating operators, the Chamber of Commerce, County Council, and the Economic Development Commission in sponsoring and administering the effort.

The benefits of increased County promotion were debated at the Study's tourism workshop. While no firm conclusion was reached, it was felt that further examination of the financial, organizational and administrative benefits and costs of increasing current Haliburton promotion should be undertaken by the County's tourist operators, the Chamber of Commerce, County Council, and the Economic Development Commission. This evaluation could be in response to proposals forwarded for discussion by any or all of the above parties.

The Study team undertook a quick and informal assessment of Haliburton's 'visibility' compared to other major Toronto-oriented tourist areas. A number of Toronto travel agents were polled for available literature and their knowledge of Ontario's winter resort areas. Did the agent have brochures advertising winter, or even year-round recreation information and accommodation in the area? Were good cross-country and alpine ski facilities available? Were there groomed snowmobile trails near accommodation? What were the choices of accommodation? How were the area's snow conditions? These and other topics were explored, and a large number of promotional brochures were gathered. The brochure 'count' and agent knowledge varied, but the overall results were a good awareness of Huronia, Blue Mountain and Hidden Valley, and incomplete or poor information on Haliburton. County operators generally agreed with this assessment, although some question the usefulness of advertising through Toronto travel agents. Admittedly, a more thorough comparative investigation would better serve to confirm the lack of Toronto awareness of Haliburton's tourist opportunities, but initial indications are that the results would not vary significantly.

The Chamber of Commerce plays the key role in County-scale promotional efforts. Within Haliburton, however, area promotion or group activity promotions (such as cross-country skiing) also exist. More than forty tourist operators and businesses (including hairstylist, construction, air service

and car repair businesses) around Lake Kashagawigamog supplement their individual advertising with joint promotion under the banner of the Lake Kashagawigamog Tourist Association. In the County's east side, the efforts of Haliburton operators and others in the vicinity of Bancroft have resulted in the Bancroft billboard on Highway 35 at Kirby. The Haliburton Highlands Cross Country Ski Club also puts out literature, with assistance from the Chamber of Commerce, COTA, the Lake Kashagawigamog Tourist Associaton and the Ministry of Natural Resources. Finally, the municipality of Dysart et al has its own promotional brochure, as does the Leslie M. Frost Natural Resources Centre.

These group advertisements are good examples of joint cooperative promotional capabilities. These efforts all supplement tourist awareness of Haiburton, and highlight attractions like the County's unsurpassed, attractive snow trails (not well known to Toronto travel agents).

The potential also exists for joint promotion between operators and interest groups: accommodations could be related to snowmobiling, for example. This is done informally within the County now - Woodlands Ranch literature recommends several nearby tourist establishments, for instance - but these could be made more formal and incorporated into tourist packages. This potential is explored further in a subsequent section of this report(see Packaging). Although there may be some obstacles, it is felt that further joint or cooperative promotion among operators, interest groups, and sponsors of attractions or events would add to the tourist awareness of the County, facilitate vacationers' plans, and might not only increase accommodation demand but also raise attendance on facilities and at events.

During discussions with County operators, the idea of cooperative promotion through a free central information and reservation service was raised. This kind of system is operated at Collingwood's Blue Mountain area, with direct lines from both Toronto and Detroit, and it is sponsored by the Blue Mountain Lodging Association, formed by local tourist operators. A similar "Ski and Stay Hotline" is offered by 11 operations in Simcoe's Horseshoe Valley. The

service has also been tried on a much larger scale in Nova Scotia, where some problems of advanced bookings and subsequent no-shows were reported. Few operators in Haliburton expressed interest in this possibility, citing problems with a third party system for reservations, the small number of operators in the County, the adequacy of their own advertising and booking arrangements, and the present informal arrangements amongst themselves for referrals. However, the tourist's problem of phone searches for County accommodation remains, and may be an initial disincentive in selecting Haliburton as a destination.

2. **Publicity: 'Free' Promotion** Supplements

During the tourism workshop, the proposal of increasing publicity for Haliburton was forwarded. In this context "publicity" means references to the County in national magazines or regional and trade publications and in government-sponsored vacation literature. It also includes articles or columns in newspapers about Haliburton events, spots on Toronto radio or television dealing with snow conditions, and so on. All of this amounts to inexpensive or free promotion, and supplements the exposure gained through conventional advertising.

The major prerequisite for increasing publicity is the amount of hard work required to break in to the media, including writing and submitting articles, providing interviews and making arrangements to cover County events, attractions or recreational conditions. There are many organizations in the County that could contribute to this initiative. The County's recreational clubs (snowmobiling and cross-country for example), the School of Fine Arts and Artists' Guild, the newspaper staffs, other clubs and interest groups (such as cottager associations,) the Rotary Club, and, of course, individuals in Haliburton - all are potential candidates for working on County material for submission to outside publicity 'producers'. The basic organization of this effort might be spearheaded by a group or committee within the Chamber of Commerce, perhaps in conjunction with the Economic Development Commission. This would involve such things as drawing up lists of events and attractions to be covered; requesting coverage; co-ordinating scripts; and maintaining direct contact with publishers, television and radio stations.

The participants at the tourism workshop were interested in this proposal to increase publicity of Haliburton, through published material or media coverage. This is seen as an inexpensive supplement to existing promotional efforts.

A number of provincial government tourist publications were reviewed as part of a brief review of current publicity on Haliburton. The "Ontario/Canada Annual Events 1979" brochure from the Ministry of Industry and Tourism featured over fifty entries. Haliburton's single listed event in this is the Haliburton Highlands Festival of Colour. In the area neighbouring Haliburton, Muskoka, Bobcaygeon and Bancroft were featured in a number of entries. Numerous events featured for other areas either happen now or could occur in Haliburton: Winter carnivals (5 are listed), highland games (4 are listed), and a maple syrup festival - these are all potential Haliburton 'material'.

In MIT's sister publication - "Ontario/Canada Winter Events 1978-79" Haliburton entries appeared under winter carnivals, snowmobiling, hockey and curling. The following relevant categories are without Haliburton mention: arts and crafts, ice fishing derbys, parades and skiing. Finally, in MIT's "Encyclopaedia of Ontario/Canada 1978", a somewhat wider representation of Haliburton's facilities is provided. Reference is made to the Leslie Frost Resources Centre, the Haliburton School of Fine Arts, the Haliburton Highlands Museum, Minden's Panorama Park Lookout, Buttermilk Falls and the canoe museum.

In summary, County publicity in provincial government promotional material features a number of attractions and events, although it would appear that these could be augmented. As for other outlets, several questions remain. Is Haliburton adequately featured in trade magazines? Is it possible to get more frequent mention of Snow and Ski conditions on Toronto area radio and television broadcasts? Can the 'Outdoors' and 'Outings' sections of Toronto area newspapers receive more articles featuring the County?

On the basis of discussions at the workshop, it would appear there is good potential for more such publicity in the County.

3. Packaging: A Prerequisite For Destination Resorts

Mention was made earlier of the changing nature of today's tourist and his needs. Packaged vacations are becoming more and more popular. Generally, these involve one arrangement that includes not only accommodation and meals but also entry to a number of facilities or services providing things to do. This trend has been fueled by Canadian tourist's experiences in southern vacation spots - where all necesary arrangements and scheduling are packaged, ready for arrival. Packaged vacations have also become popular in Canada, with fly-drive arrangements supplemented by accommodation and events bookings. More recently, winter ski packages to the West have been developed, in response to those offered for foreign destinations.

In some ways, current destination packaging is a reincarnation of the former summer resort type of vacation - where meals, accommodation and entertainment were all taken care of with one booking. Haliburton has a long history of such destination tourism, evident in the many now aging family summer resorts. However, today the family market appears to be increasingly replaced by a younger singles and couples market, with different wants.

This trend to packaged destination tourism does not mean that tourist facilities and establishments that cater to auto-touring, or families, or hunting and fishing vacationers are obsolete. These types of facilities exist througnout Haliburton, and in many cases have a solid business base. Rather, the packaging trend is described here briefly to point to a potential direction for expansion of the Haliburton tourist market.

An integral part of the packaged destination trend is the provision of a number of services and facilities all easily accessible by the guest. These services and facilities include such things as equipment rental, evening entertainment, golf courses, ski hill and organized outings to events or attractions.

Although several of the County's larger operators can provide the facilities and services and do in fact offer packages, destination tourism is poorly developed in the County. There appear to be two major constraints to further packaged offerings in the County:

1. most Haliburton tourist establishments are too small to offer extensive facilities and services in their operations; and

2. the County has a comparatively limited number of attractions or events to occupy a destination vacationer.

Given these constraints, some incremental ways to package, based on the existing County tourist plant and local attractions were investigated. The question to be answered is: can the required additional services and facilities be provided among a number of operations, in effect pooling to offer a package? The most difficult aspect of such a proposal would be its organization.

In pursuing these investigations, the Study looked at a number of current winter packages being offered elsewhere in the Toronto market area - specifically in Muskoka, Simcoe and Grey/Bruce. Focus was placed on those offered not by the largest resorts, but by smaller facilities, either independently or cooperatively. Several main package features and options were observed:

i) one all-inclusive price for a number of days (usually weekends) that included some sort of plan for accommodation and meals. In some cases the package included nothing else except the proximity to recreational facilities;

ii) entry to a variety of nearby facilities, such as lift tickets, trail tickets and apres ski vouchers;

iii) transportation services connecting the establishment and Toronto areas; and

iv) a variety of other options including nursery service, welcoming parties, and equipment rentals.

The small and medium-size establishments most often seem to offer the more basic package - one price for an accommodation and meal plan - while larger operators include the noted options. Hidden Valley, for instance, offers winter mid-week and weekend packages in conjunction with VIA rail that include rail ticket, lift tickets, and entertainment as well as the accommodation and meal plan. There are other arrangements offered, however, and some include joint packaging by a number of smaller operators using their basic individual plan in conjunction with common nearby recreational facilities and transportation carriers.

As stated above, several Haliburton operators have developed individual packages, mainly offering their own accommodation and meal plans and use of their own equipment and facilities. There would appear to be potential for expanding this County packaging, in several directions:

i) transportation: the Haliburton - Toronto area route is currently served by a regional coach carrier (Travelways), although the scheduled runs are too infrequent, at the wrong times and stop too often to be used for packages. Chartering from the same company would lower the price and present the possibility of shuttle service runs (e.g. to ski slopes) within the County.

ii) equipment rentals: Although cross country ski and snowmobile rentals are available in a couple of locations, they are seldom offered as part of a Haliburton weekend package, even by operators who are packaging their establishment based on skiing and snowmobiling. Some of the operators interviewed spoke of the continual problems with rentals ("You get a lot of cowboys wrecking the equipment"); yet these seem to have been overcome in other Toronto recreational areas.

iii) co-operative packaging: The broadening of individual accommodation and meal packages with the use of recreational facilities is one attractive feature of many Southern Ontario packages. In Haliburton, this might be accomplished by:

- packaged links between alpine skiing at Sir Sam's and operators' own accommodation and meal plans;

- between Woodlands Ranch or Haliburton Forest cross-country skiing and the operators' plans:
- between the County Snowmobile Association or Cross-Country Ski Association, with their trails, events and possible guiding, and operators' own plans; or
- among operators adjacent to and along several of the long snowmobile circuits in the east or west.

Other potential links and arrangements for packages exist between activities at the Frost Centre and nearby operators; between evening entertainment in Haliburton, Minden or one of the larger establishments, and operators who do not have these facilities; or between restaurants and operators' who do not offer full meal plans.

Again, the above suggestions are several of the numerous possibilities for packaging in Haliburton. The practice has the potential for increasing the number of vacationers, and raising and better distributing tourist spending in Haliburton. Also, evidence from competing areas suggests that cooperative or pooled packaging holds benefits for small and medium-size operators.

As mentioned earlier, the concept of packaging has long historical roots in Haliburton; indeed, it is how many Haliburton tourist operators today organize their summer business. In this light much of the above discussion is oriented to applying packaging to the expanding winter season business.

Before leaving the topic of packaging, mention should be made of North Bay operators' efforts behind the initial operation this past winter of the area's Cross County Ski Agency. Twelve hotel establishments have contributed over $12,000 to the running of the common ski facility, and have each used it as the basis for their own winter weekend packaging. The Agency booked more than 3,500 skier/nights from Toronto during the first winter, despite the distance and many excellent intervening cross-country ski facilities.

4. Attractions and Events: Supplementing the Natural Base

The base for Haliburton's tourist industry will continue to be its lakes, rivers, and landscapes. The County's natural environment is the attraction for both cottagers and vacationers. Attractions and events serve as added incentive to spend additional time in Haliburton. The County's hockey tournaments (which nearly fill County establishments during their weekend play-downs), its winter carnivals, its scenic features[8] and local summer festivals, all serve to encourage the tourist to come Haliburton. A number of operators contacted during the Study suggested that more and better attractions would help the tourist industry, a thought that was echoed at the tourism workshop.

In looking for ways to increase the potential of attractions and events, there appear to be two main directions for further effort:

i) increasing the attendance and participation in existing County attractions and events; and

ii) adding new attractions and events in the County.

Both these directions offer opportunities. Some of these are explored briefly in the following pages.

Present winter attractions and events attract strong participation from local residents, a number of cottagers and, on specific occasions such as hockey, from visitors attending those functions. The potential for increased attendance lies in this latter market (i.e. greater visitation from outside), which implies not only further promotion, publicity and packaging, but also increased organization of existing events so they are better aimed at outsiders.

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[8]The Resources Appraisal Study has identified the points of scenic or historical interest in th County (pp.23-35) and even suggested the designation of rock collecting areas (p.25, Recommendation #3).

A good example of an underutilized County tourist attraction is the Leslie Frost Natural Resource Centre. Skiing at the Centre has doubled annually over the last three years and some 300 people attended its 1978 sugaring-off weekend. But its educational resources remain the exclusive realm of mid-week school children. Furthermore, initial reaction from the Centre's staff indicated a willingness to look for ways to expand visitation at the Centre.

To increase the effectiveness of the Centre as an attraction, its function and accessibility to outsiders must be made better-known, and it should become an integral part of the advertising of tourist operators in the County, particularly along the Highway #35 corridor. There may even be the possibility of including a visit to the Frost Centre as part of a package, in any season of the year.

Moreover, the Centre's specific event of sugaring-off could form the basis of a much larger County-wide maple syrup festival. Attendance at the Elmira Maple Syrup festival now regularly runs over 40,000 for the weekend, and provides much more than syrup for Toronto visitors. Haliburton's sugar bush, its history of maple syrup production, the resources of the Centre, and neighbouring tourist operators together provide a natural basis for such an annual drawing - card.

The Frost Centre is raised as one example of existing Haliburton attractions whose role in drawing visitors could be strengthened. Other features or events may have the same potential, and two examples are cited here for illustration:

i) the Haliburton School of Fine Arts and the Guild of Fine Arts are attractive resources. Can the Guild's sales, exhibitions and theatre, and the School's proposed extended program of recreational activities and weekend workshops be promoted or packaged with tourist operator's plans?

ii) the County's winter carnivals are currently community-oriented, but have the potential for further winter tourist participation. Drawing increased outside attendance might require building one large County carnival, by amalgamating and coordinating the local ones and combining promotional efforts. Muskoka has such a district carnival, with events during the three days occurring in Bracebridge, Gravenhurst and Huntsville.

There are many other scenic and man-made attractions (the canoe museum, for example) that with promotion might increase visits to the County. There is also the potential for new attractions and events. It is impossible to speculate on what additional attractions might establish in the County, but there does seem to be a natural Haliburton base for several additional activities:

i) a County maple syrup festival: as a tourist event during March break or April, supplementing the present resources of the Frost Centre and the Wilberforce maple syrup festival;[9]

ii) a County Highland Games or other joint Summer Festival: again building on the strength of the Haliburton Rotary and Legion Carnivals, the Gooderham Old Time Horseshoe Day, the Wilberforce Country Good Times, and the Harcourt Fun Fair. It is recognized that these celebrations are community-oriented, and provide different weekend events throughout the summer, but as separate elements of a larger and more extended County festival they might benefit from the increased promotional capability. Haliburton's lumbering history (lumber jack festival or competitions) and its ice fishing (derby) may also provide the basis for additional County events.

In conclusion, it is felt that the oppotunity exists for increased promotion, packaging and utilization of existing County attractions, such as the Leslie Frost Centre, and for further developing present events, and adding new events to Haliburton's tourist calendar.

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[9]In March, the Gravenhurst News ran an editorial entitled "Why not a maple syrup festival?" urging a well-organized, widely publicised large-scale Muskoka festival, supported by producers and local organizations.

5. Tourist Business Infrastructure: Increased Service

In a number of discussions on tourism, the need for more developed support services (restaurants, retailing and gas stations, for example) was forwarded. It was pointed out that such services are less developed in Haliburton than in other Toronto-oriented vacation areas, providing a disincentive to attracting more visitors. A major constraint to increasing tourist-oriented business service is the fact that many of these businesses cannot rely exclusively on the tourist market, and for at least part of the year must count on the more restricted local resident population. Thus it is difficult for Haliburton to count on the introduction of new County businesses to serve visitors; some businesses will remain seasonal, while others will continue to offer shorter operating hours during off-peak times.

In the tourism workshop it was recognized that while the introduction of a number of new year-round tourist-oriented businesses is desirable, it is unlikely in the short term. More immediate efforts could focus on increasing the capability of the County's present business infrastructure. One idea forwarded was that the existing limited facilities could be stretched further through cooperative business arrangements - to share extended operating hours, for example, or to make available for visitors and tourist operators a consolidated list of business hours in the area.

Further efforts by County businesses to attract tourist clientele would not only increase visitation but also raise local tourist spending. The efforts made by Mr. Fogg's restaurant in Carnarvon deserve mention in this regard - the restaurant is open long hours in comparison to other facilities in the County.

Recognition must also be given to the importance of having an attractive and inviting business area. While the link between business area improvement and increased tourism is intangible, renewal efforts in Quebec's winter-oriented tourist villages, which have often focused on a particular theme, have made these spots very attractive recreational destinations. Haliburton's communities may wish to identify the potential for such improvements.

6. Beyond the Toronto Market: Growing Foreign Visitation

The five main points discussed above are directed at increasing tourist visitation to Haliburton. In particular, the focus has been on attracting the large Toronto area market. At the same time Canada and Ontario are both witnessing a dramatic increase in visitors from Europe. American visits to Canada declined slightly in 1978 from 1977, while 300,000 more visitors from other countries vacationed here. In Ontario, spending by foreign tourists from outside the U.S.A. has increased some 250 per cent since 1971 and is currently estimated at some $340 million annually.

Given that European tourists are attracted not only to the Toronto area, and attractions like Niagara Falls, but also desire access to lake and park country, there would appear to be a good potential for Haliburton in receiving a share of this new and growing demand.

Although direct promotion of the County to this market would be difficult, County operators may wish to explore with travel companies and wholesalers the possibility of having their facilities included in Ontario packages for the European visitors - i.e., several days in Toronto and Southern Ontario and several days by the lakes of Haliburton.

7. Increased Spending: Beyond the Cottage

As already noted, tourism spending is growing, and a direct relationship exists between increased visitation, and further revenue. Attractions, events, packaging and increased business service support all lever tourist dollars.

Cottagers can also be viewed as "tourists", from the perspective that their trips inevitabily involve local spending and resulting revenue for Haliburton businesses. A suggestion was made that perhaps the local share of cottager's consumption could be increased. This idea was forwarded succinctly (although less than eloquently): "Get the cottagers' hands out of their City pockets".

These approaches may help realize this potential:

1. provide more and better developed attractions and events (discussed above), providing day and evening recreation and entertainment for the cottagers; and

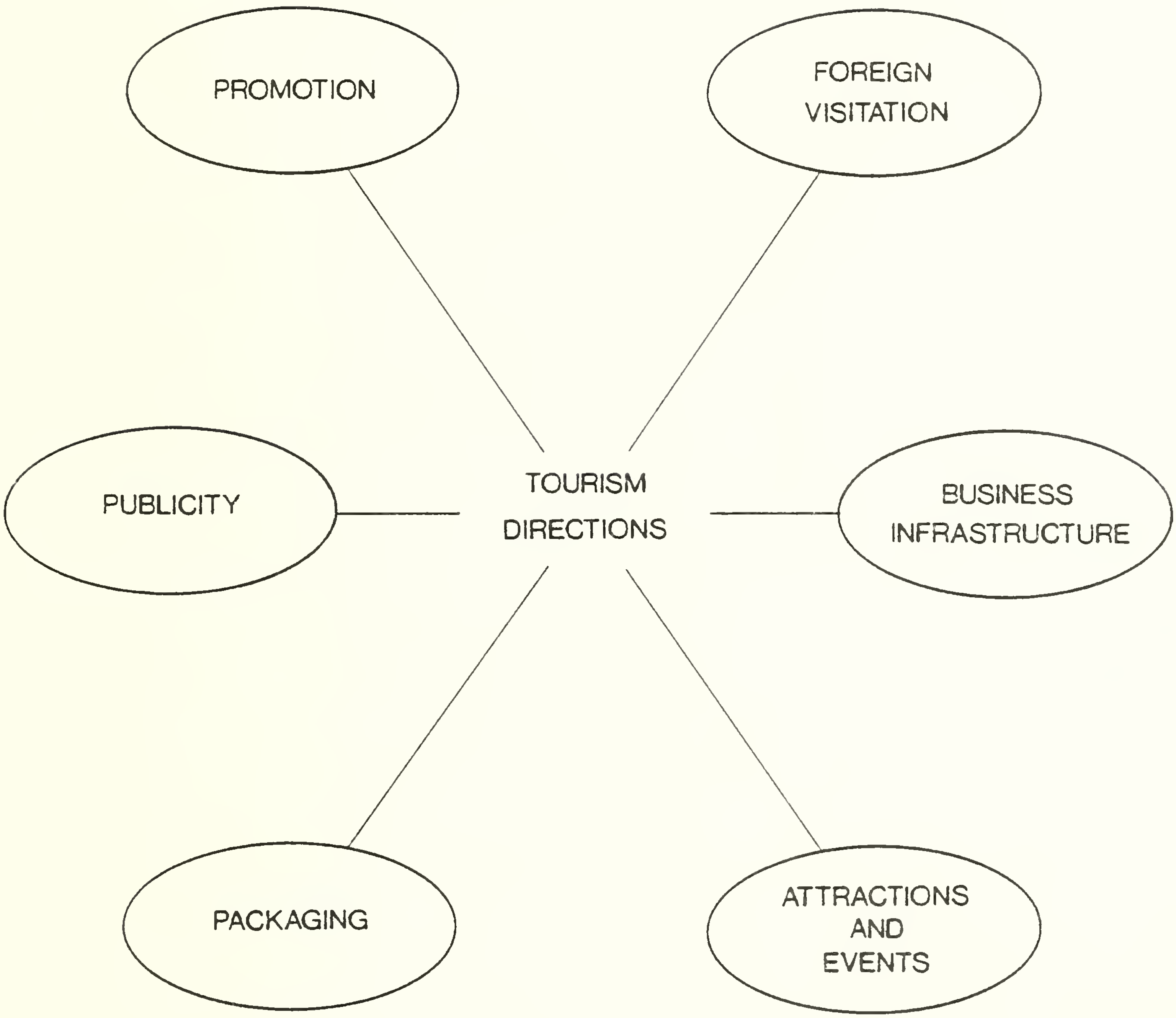
2. increase the cottager's awareness and patronage of local shopping and related services.

The second point provides a supplementary motivation for increasing the level and attractiveness of business service in the County. As cottaging increasingly becomes a year-round activity, the potential for an extended retailing season also improves.

8. Longer Seasons: A Year-Round Industry

For a variety of reasons, the County's larger establishments seem to be more successful at operating year-round: for example, they are able to cater to business meetings in the off-season, and they can afford winterizing and the greater number of conveniences seemingly demanded for winter stays. For the smaller operators to remain open, arranging facilities (meals, for instance) outside their own operation is often required.

Another constraint cited to year-round operation was the winter mid-week vacancy rate. Several operations reported good occupancy on weekends, but little business the remainder of the week, prompting difficulties in planning for help and meals. The County's two largest establishments have launched mid-week promotions and packages, and it is reported that mid-week snowmobiling packages in Quebec are successful.


PROMOTION
FOREIGN VISITATION
PUBLICITY
TOURISM DIRECTIONS
BUSINESS INFRASTRUCTURE
PACKAGING
ATTRACTIONS AND EVENTS

CHAPTER 3

Cottaging: The Economics of a Growth Industry

The ties between tourism (Chapter 3) and cottaging are evident: both are based on the County's natural lakeland resources, and both have a large direct influence on the Haliburton economy in terms of direct investment, and in generating significant numbers of construction and service sector jobs. This study has separated cottaging from tourism to better focus on the potential impact of further development in the County's vacation or second-home market.

1. Current Demand

Haliburton is a major cottaging area, accommodating 12,000 units or close to 9 per cent of Southern Ontario's total cottage stock. At present, there are over three cottages to every County household--the highest ratio in Ontario and a dramatic illustration of the importance of the cottager to Haliburton. A recent study conducted in neighbouring Victoria County concluded that a typical cottager spends an average $2,200 per year on groceries, repair, maintenance and general expenses.[10] On the assumption that this expenditure pattern would hold for Haliburton, cottagers represent a revenue potential of some $26 million annually for the County's economy.

Furthermore, Haliburton's cottage stock continues to experience a high growth rate: an average approximately 300 cottage building permits have been issued annually since 1972, the highest in Southern Ontario and comprising 18

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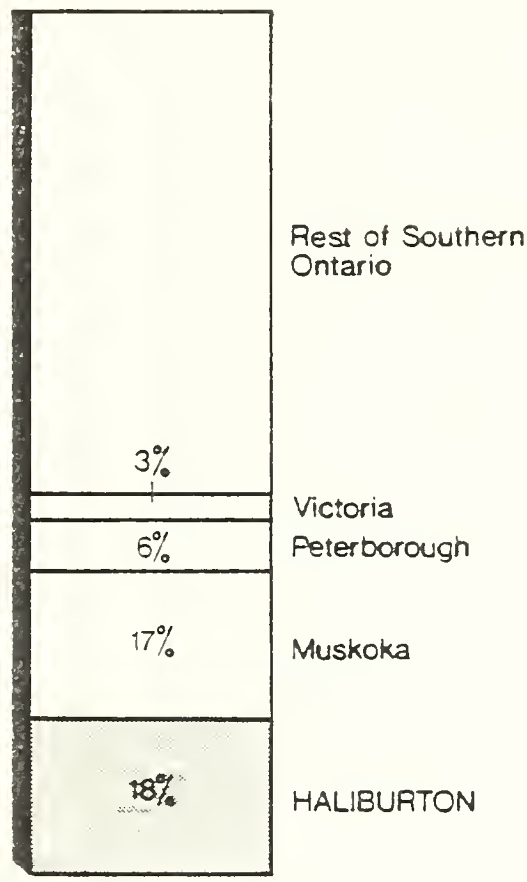
[10] Economic Base and Financial Impact Analysis, County of Victoria, IBI Group, November, 1976.

Fig. 11. HALIBURTON IS A COTTAGE CAPITAL.

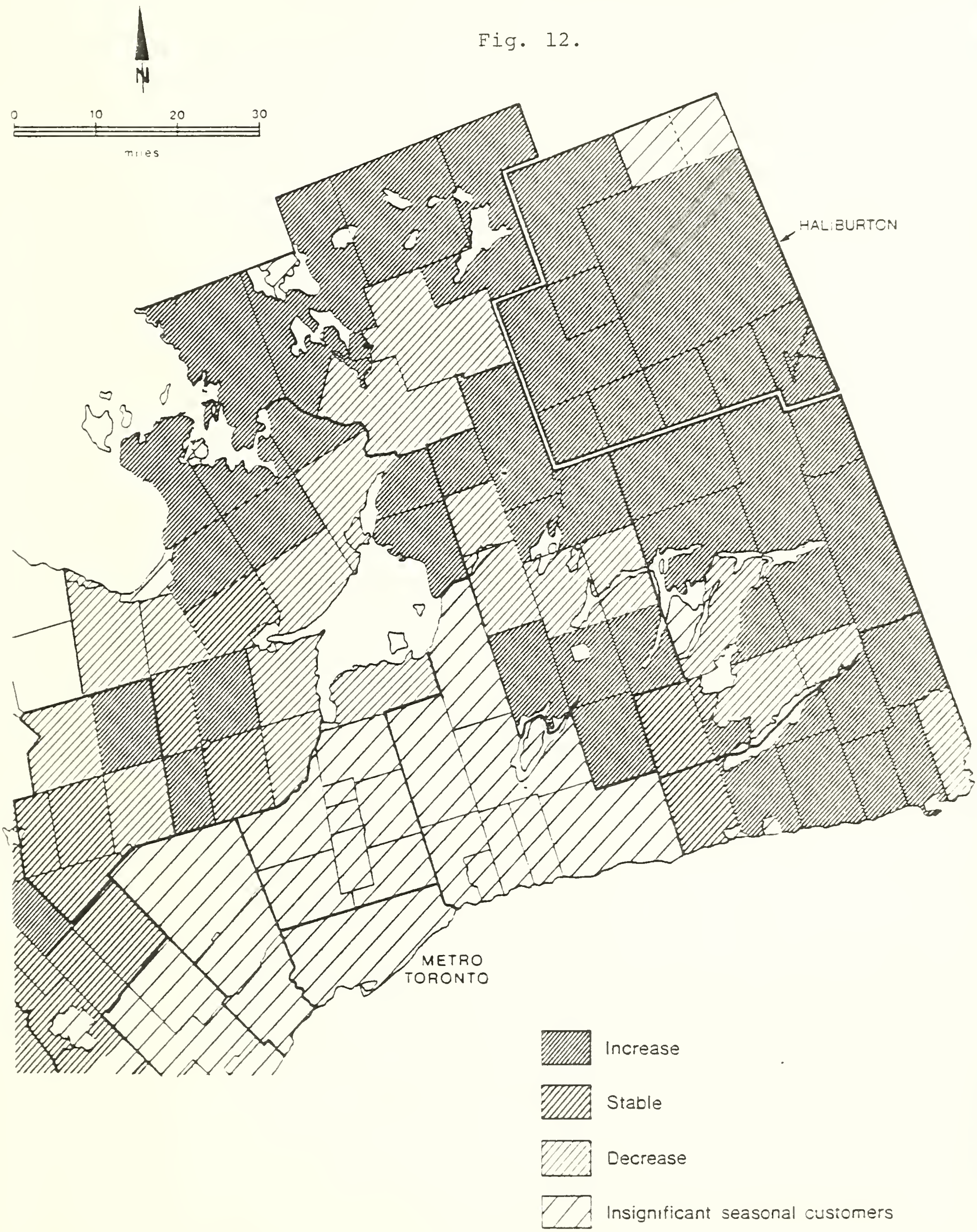


(Growth of Cottage Stock in S.Ont., 72-78).

per cent of total growth in stock in the Region (Figure 11). Moreover, seasonal hydro users in the County increased by over 20 per cent in the period 1971-76 (see figures 12 and 13). Additions to the inventory of cottage lots have occurred mainly through severance and subdivision, which together have created on average over 500 new lots each year since the early 1970's. Although the growth rate of new cottage stock has moderated, both in Ontario and Haliburton since 1973-74, the practice of converting summer cottages to year-round second homes has increased, as has the trend to having new vacation homes built as year-round units.

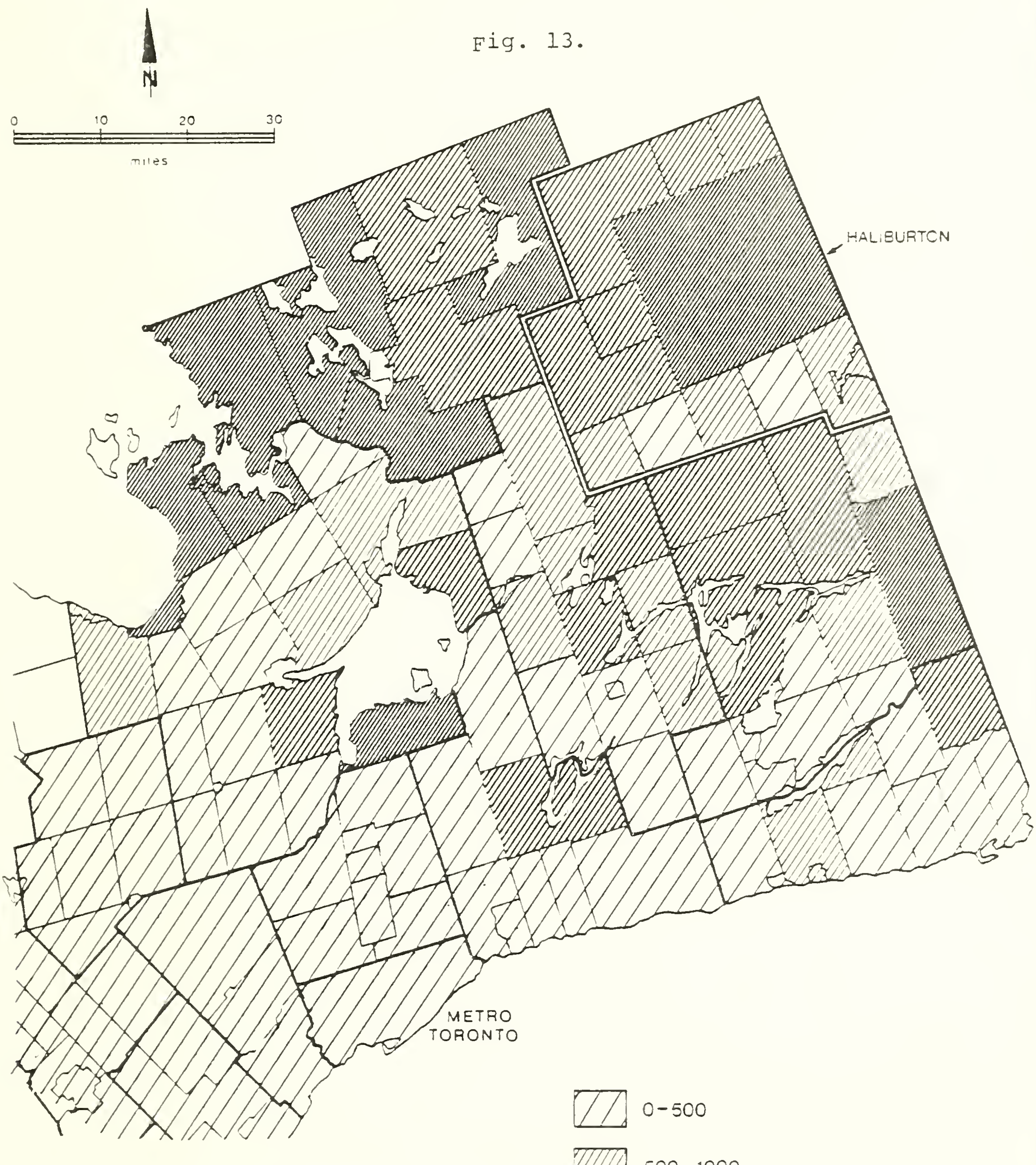
In attempting to better evaluate the adequacy of the current supply of new cottage stock in Haliburton, a projection of likely future demand for new cottages in both Southern Ontario and Haliburton was undertaken. The results of this cursory investigation are far from conclusive, but indicate a broad annual requirement of about 250 new units in the County to 1986, dropping to

Fig. 12.



Growth In Seasonal Hydro Users, 1971-76

Fig. 13.



Cottage Distribution, 1977

just under 200 in the longer term.[11] The projection indicates that continued demand for new cottages in Haliburton can be accommodated at the present rate of stock provision.[12]

At the same time, cottaging is requiring increases to municipal services such as road maintenance and school bussing, and controversy over the inconclusive nature of fiscal benefits and costs of cottage development is now occurring in some cottaging areas. This raises, an important development question: Do the County and its municipalities wish to continue attracting, accommodating and servicing new year-round cottage stock, and the conversion to year-round use of present stock? Some cottage areas are currently restricting such development and conversion.[13] In determining whether local planning policies in Haliburton are to favour such cottaging developments, several issues need to be resolved:

- the environmental capacity of the County's lake's, including potential costs to existing cottaging areas and those inherent in the design and servicing requirements of new stock;

- the development capacity of lakeshore lands, including the price relationships between demand, supply and design, and the potentials of both Crown and patent lands; and

- other economic benefits and costs of increasing lake-oriented residency in the County.

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[11] The projected demand was based on extrapolation, given the current distribution pattern of cottaging in Southern Ontario, population projections by Treasury and Economics, and present trends in the cottage/population ratio. The estimated demand does not consider variables related to income or life-style.

[12] This broad measure of course cannot predict future booms or slowdowns in cottage markets based on conditions such as a major energy crisis.

[13] See, for example, the new draft plan of the Severn - Links Planning area near Peterborough.

Unfortunately, there is little research to draw on in analyzing these concerns, particularly in the area of the economic trade-offs inherent in further development.

2. Continued Supply: Development Capacities, New Areas and Investment Interest

Much public debate has occurred over the last few years about overcrowding and the environmental deterioration of Ontario's recreational lakes. New, tougher servicing standards have increased lot sizes throughout cottage areas on the Canadian Shield. Pressures for more development in already densely-cottaged areas such as the Kawarthas have resulted in more restrictive local approaches.[14] And in other areas, cottagers have agreed amongst themselves to restrict power boating, or have even joined together to block new development and the increasing densities it would produce.

In short, evidence can be found throughout Southern Ontario of new development constraints to the traditional laissez-faire approach to cottage development. In this regard, Haliburton has been relatively untouched by public debate and controversial policies. In fact, there are indications that the County has benefitted from this problem's expression elsewhere, as increasing restrictions and inflated prices in older cottaging areas have shifted some demand to the more "open" Haliburton cottage market.

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[14] See the Kawarthas Development Strategy, for example, or the experience of Sumcot Ltd. in forwarding their Buckhorn Lake proposal.

In Haliburton, the present inventory of cottage lots, and the rate of provision of new stock is good. Dysart et al alone has a supply of close to 600 lots. However, additional future supply in the County will be determined by:

i) local planning policies (mentioned above);

ii) environmental lakeshore and related development regulations; and

iii) the ability to infill in existing areas and open up new lake areas.

With respect to (ii) above, supply constraints have not been a problem. However, there are indications that an increasingly restrictive atmosphere may pervade some existing County cottaging areas in the future. For instance, background work done by the Leslie Frost Centre for a development plan of its 60,000 acres suggests that nine of seventeen cottage lakes face overcrowding with further development. The Provincial government at the same time is involved in a larger interministerial study on lakes' ecological capacities, and some of the field work has occurred in Haliburton. The results will not be available until 1980-81, but better guidelines for cottaging will result from the exercise, and may well point to presently unforeseen development limitations in certain locations.

Local planning policies and the above-noted constraints will guide individual or small additions to County stock. Increasingly, however, cottage developments and new recreational subdivisions are being provided on a larger, well-planned scale by major investors who incorporate high environmental and design standards.[15] This trend promises to revolutionize new cottage development, incorporating the ability to better utilize shorelines, to provide safe treatment for waste, and in general to comprehensively plan for lake-oriented year-round residency.

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[15] The Viceroy/Sir Sam's development at Eagle Lake is a good example of this kind of development, and could provide a precedent for future investments of this nature.

A number of large recreational investors have been frustrated by restrictions and delayed approvals in older, more densely developed cottage districts in Southern Ontario. There may be an opportunity to attract this kind of planned recreational home investment in Haliburton. In fact, attracting investment in new major recreational developments would seem a logical direction for economic expansion in Haliburton.[16]

3. Crown Land Supply: A New Potential?

In addition to private (patent) land opened up for new cottage development, there also may exist the potential for developing Crown land. Crown land has been sold and leased for cottage development in Southern Ontario in the past. However, this practice was stopped in the early 1970's, a policy that halted development in the Crown and Wolf Lake areas in the northern end of the County. Today there remains a number of lakes surrounded by Crown land in the County and they represent a potential supply for new cottage development.

During the study, a number of local residents raised this potential and candidate lakes were identified, particularly in the townships Sherborne, McClintock and Livingstone. At present, Crown land disposition in Southern Ontario is under review and will be incorporated as an option in the preparation of local disctrict plans in each of the Ministry's southern Ontario's districts. In discussions, it was suggested that with new approaches to tenure, design and planning, Crown land might once again become a supply source for cottaging. One proposal forwarded the suggestion that County approach the Ministry of Natural Resources to ascertain present policies regarding recreational development on Crown land in the County; to discuss the possibility of alternative and innovative ways to develop on Crown land; and to consider leasing or other forms of tenure to provide for further recreational development on Crown land in Haliburton.

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[16]There may be interest from large landholding investors already resident in the County--Haliburton Forest and Wildlife Resource Ltd., the owners of the Woodlands Ranch acreage, or Wilberforce Veneer, for example.

Should such discussions lead to the possibility of recreational development on Crown land, the County might consider initiating a pilot study -- sponsored in conjunction with the Ministries of Natural Resources, Environment and Housing and with a recreational investor --that would plan and design an innovative recreational development on Crown land.

4. Seasonal Residential Conversions: Economic Benefits at What Costs?

The extent of conversions of Haliburton cottages to year-round status has not been explored in detail. An extensive survey of conversions was conducted in Victoria County,[17] however, and some of these results are reported here as an indicator of this activity:

i) approximately 12% of Victoria's cottages have been converted to permanent occupancy;

ii) according to a survey of cottagers, 38% intend, at some time, to convert their cottage to permanent occupancy; an additional 12% answered "maybe" when asked;

iii) it is estimated that conversions are likely taking place at the rate of 1-2% per annum (the rate of conversions at Wasaga Beach was estimated at 3% per annum);

iv) it appears that approximately 75% of the cottage conversions are being made by retired persons and such conversions are generally inconsequential in terms of financial impact to the municipality;

v) in those cases where cottages are being converted for use by a family with children, it is likely that substantial improvements are made to the cottage (of) approximately $10,000, which is reflected in increased assessment and higher taxes.

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[17] IBI Victoria County Study, pp. IV.8 to IV.10.

The economic advantages to Haliburton's construction sector of this trend are significant. On the basis of survey data from elsewhere in Southern Ontario, it is estimated that conversion activity contributes some $1-2 million annually to Haliburton's economy, and generates employment in construction, maintenance, repairs, and retail and other services.

The prospect of some 3,500 future conversions in Haliburton's existing stock[18] does raise the potential for direct expenditures of $20-30 million, as well as the indirect and continuing spending associated with permanent residency.

As was concluded in the earlier discussion on the impact of new cottage development, what is not so clear is the increased public cost incurred through servicing conversions. Again the findings from Victoria County may be cited: "in all municipalities, except Omemee, the revenue from seasonal dwelling units is greater than the costs incurred. In some municipalities revenues are more than three times costs. If the seasonal dwelling unit is converted and used by households without school-age children, the tax revenues would still exceed costs in many cases. However, if the converted cottage is used by families incurring education costs, the net deficit would be in the $200-$400 range".[19]

It is significant to note the relative benefits of conversions by retirees. This group is of particular significance in Haliburton. In another Study by the Ministry of Housing,[20] the benefit and costs of seasonal residential conversions were examined. It included in its analysis the Township of Lutterworth. One cost, that of winter control for township roads, is presented graphically in figure 14, from Plate I of the Study. The Study concluded that "not all conversions of seasonal dwellings to permanent use cause problems",[21] and further remarked on the difficulty of effectively controlling this activity.

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[18]Using the ratios from the Victoria County Study.

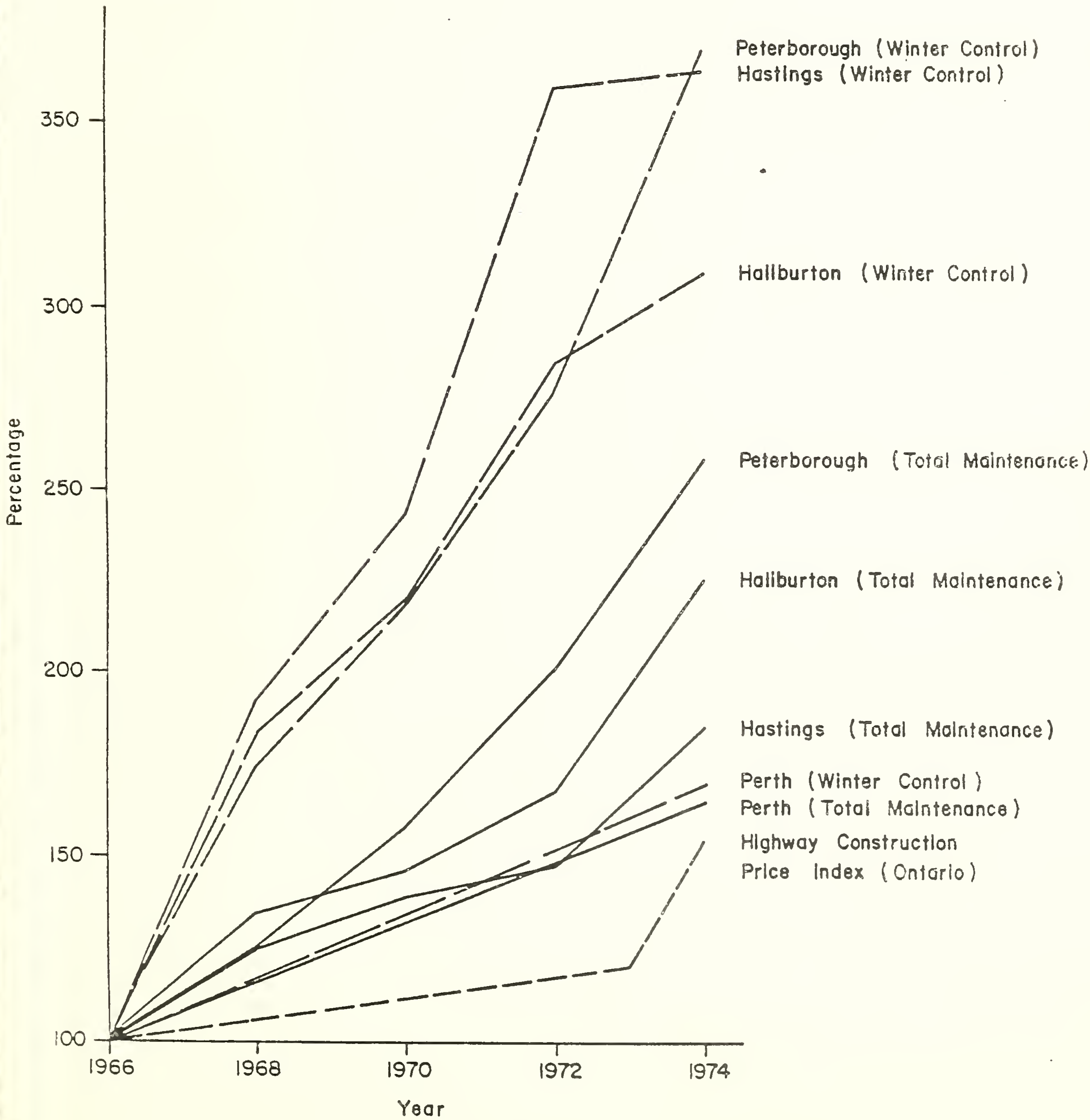
[19]IBI Victoria County Study

[20]Discussion Paper on Seasonal Residential Conversions, Local Planning Policy Branch, Ministry of Housing, February 1978.

[21]Ministry of Housing Discussion Paper pg.(i)

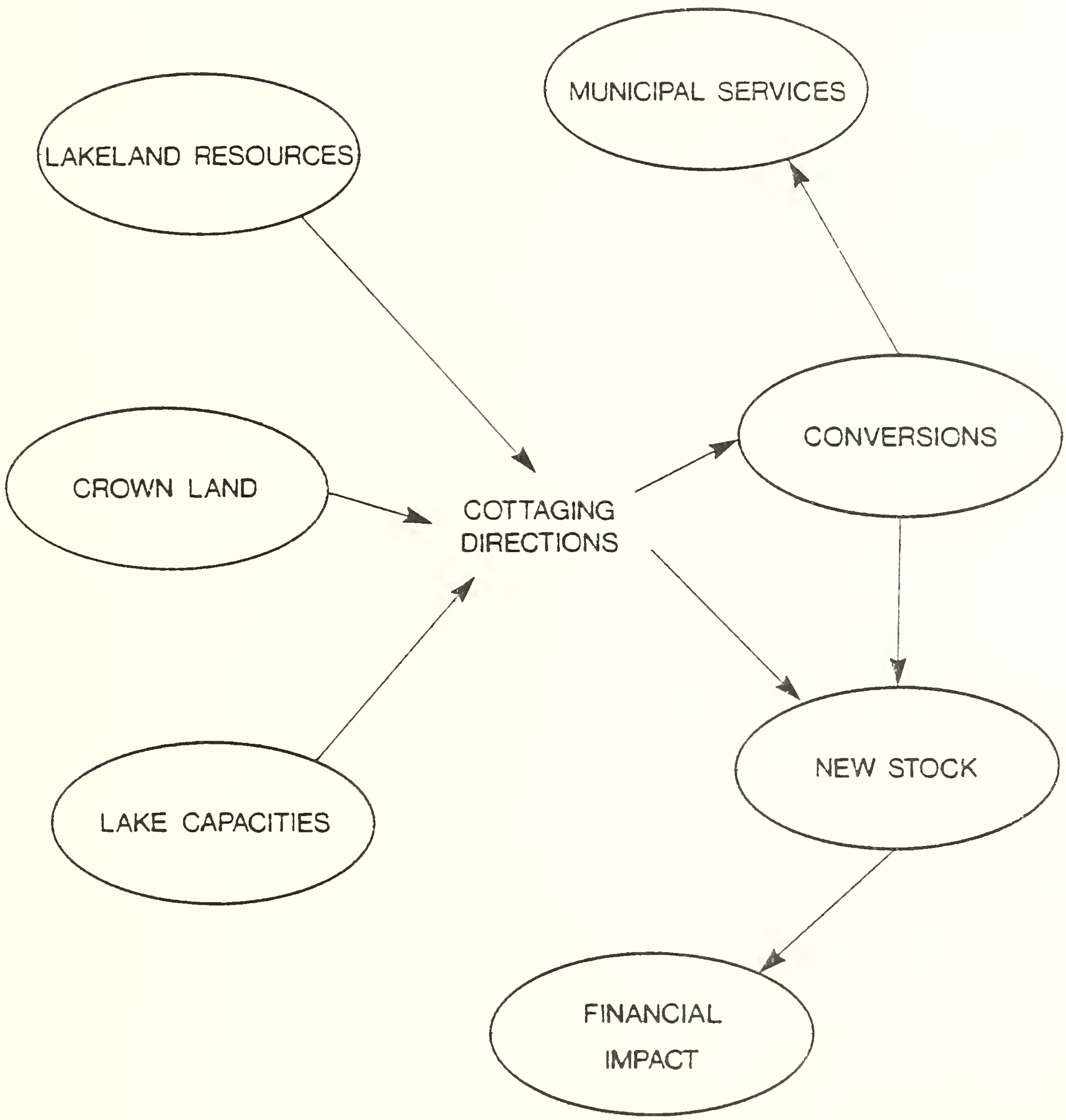
Fig. 14.

PERCENTAGE GROWTH OF TOTAL MAINTENANCE & OF WINTER CONTROL COST FOR TOWNSHIP ROADS IN SELECTED COUNTIES 1966-1974 (1966=100%)



SOURCE: Ministry of Housing, Discussion Paper on <u>Seasonal Residential Conversions</u>, February, 1978

The Study team sought the views of a number of municipal officials on this matter. Most felt that the economic advantages of increasing year-round residency outweighed the extra services required, though again little hard, substantiating evidence could be cited. Within the limits of this Study, it is not possible to produce a balance sheet for the benefit and costs of cottage conversion in the County. To do so would require an extensive, localized survey of many situations. Without this backup, it can only be suggested that converted and new year-round recreational homes are definite tools of economic expansion in Haliburton, but can bring with them associated costs for municipalities. These costs should be monitored as conversion proceeds, forming a basis for continuing review of local planning and fiscal policies.


MUNICIPAL SERVICES
LAKELAND RESOURCES
CONVERSIONS
CROWN LAND
COTTAGING DIRECTIONS
NEW STOCK
LAKE CAPACITIES
FINANCIAL IMPACT

CHAPTER 4

DIRECTIONS IN FORESTRY

1. State of the Industry

As indicated in Chapter 2, the woods industry in Haliburton continues to grow and faces good prospects. Forestry continues to be the backbone of the Haliburton economy, dominating its manufacturing base, and providing employment for over 400 people. Before addressing specific directions for growth, it was thought useful to present some of the basic facts used to assess these prospects. These have been drawn from an extensive amount of background information available on forestry in Haliburton.[22]

i) forest cover - Total forest area in Haliburton is estimated at about 720,000 acres, of which 480,000 are private or patent lands, and the remaining 240,000 Crown land. Close to 100,000 acres of the private land are held in single - ownership blocks of 5,000 acres or greater, with some holdings of over 20,000 acres. Tolerant hardwoods, predominantly hard maple, beech and basswood cover close to 60 per cent of the productive forest, and produce the best quality hardwood.

ii) forest-cut - The present volume of timber in the County is estimated at 1.4 million cunits, of which .9 million is hard maple.[23] The annual cut in Haliburton (excluding townships in Algonquin Park) is about 33,000 cunits - 21,000 from private land and 12,000 from Crown, most of which is tolerant hardwood. In addition to the local cut, wood is also being brought into Haliburton from Grey County and from as far away as the Niagara Peninsula to supplement the shortfall in indigenous hardwood supply. There is also considerable trading of quality logs among operators both within and outside the County.

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[22] See, for example, Background Information, Minden District, MNR and Minden District Report on Crown Land Forestry, P.P.Hynard, January 1978.

[23] These figures are based on Treasury estimates.

It is important to note that high quality hardwoods are being cut to their maximum, and the difficulty in obtaining quality hardwood timber is beginning to concern all operators. At the same time, low quality hardwoods are in good supply and are currently undercut and underutilized in operations.

iii) management - At present, productive forest Crown land in Haliburton falls under a forest management plan, due to be revised in 1980. Sustained yield management is carried out on these Crown lands, and some ARDA money has been used for stand improvement since the early '70's.[24] On private lands, owners are responsible for management, although the Ministry of Natural Resources has long-term (15 year) agreements with some owners under the Woodlands Improvement Act. At present there are some 27,000 acres in the County under WIA, with 70 separate agreements. The largest of these is 8,000 acres on property owned by Haliburton Forest and Wildlife Limited, with seven other agreements of 900 acres or better. Five of these are on land owned directly by lumber producing companies. MNR also provides an extensive consulting or advisory service for forest management of private land.

The Algonquin Forest Authority, a Crown Corporation established in 1975 to oversee Crown timber harvesting in the Park, has jurisdiction over cutting in the County's four Park townships (Lawrence, Nightingale, Clyde and Bruton). The present cut in the Park is restricted to 170,000 cunits per year, allocated amongst fourteen companies whose licenses were taken over by the Authority. According to the Authority's legislation, the requirements of these former licence holders for Park wood must be met before sales can be made to other companies.

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[24] With ARDA assistance, this year 19 people were employed for a total of 820 man-days trimming bush; wood cut is sold as fuelwood. In total, over $250,000 has been expended on Haliburton forest under ARDA between 1971 and 1978.

iv) licensing and tendering - At present there are two Order-in-Council licenses on Haliburton Crown land, covering a total of 12 square miles. Any other Crown timber with a value of over $400 is sold by tender, although tenders tend to be on lower quality (i.e. poplar dominated) stands. There were seven tender sales in MNR's Minden District this winter, five of which were successful.

A number of operators have indicated dissatisfaction with the current allocation of Crown lumber in the Haliburton area. Some feel that too much good wood is tied up by licenses, preventing active harvesting of good stands.

The study team heard this concern in a number of discussions concerning wood allocation and current supply. Wood supply now constitutes a major challenge to sawmill operations, particularly the smaller ones. Except for two larger mills, all obtain a majority of their wood from private land. Only Martin Lumber has a guaranteed supply of timber from Crown land, and given recent difficulties in obtaining quality stock, operators expressed a desire for increased access to Crown stands.

Firewood is obtainable from Crown land by permit, with no tendering required. The number of permits issued has risen dramatically, from 22 in the winter of 1975-76 to 145 in the winter of 1978-79. About 20 of these were issued to commercial operators, the rest to private individuals.

v) mill size - Some of the County's sawmills could face challenges in the future as a result of their small size. Of the nine sawmill operations in the County, six are small, each producing under 1 million board feet of lumber annually. Although one of the small operators does some chipping, none have kiln drying facilities. The question of economic scale arises, as pointed out in the Resource Appraisal Study.[25] The figure of 3 million board feet as an annual requirement for economic viability has been

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[25] Resource Appraisal Study, p. 16.

raised in the industry. At present, the smaller mills produce specialized products (e.g. railway ties) for specific contract markets, as well as quality hardwood lumber. While this alleviates the scale limitation to some degree, specialization often is more subject to the volatility of markets and the problems of wood supply.

On the other hand, G.W. Martin Lumber Limited's Harcourt Mill, part of the largest forest products operation in Southern Ontario, is a major operation, producing well in excess of 25 million board feet of lumber annually. The Harcourt complex also includes kiln drying facilities (the only kiln in the County) and chippers. As previously noted, a sizeable expansion is planned at Harcourt in the near future.

The other two larger Haliburton sawmills are Hyland Lumber of Haliburton Village and M.W. Hunter Lumber Limited of Gooderham. Both are currently sustaining high levels of activity and both are talking of expanding. Hunter Lumber has produced three to four million board-feet of lumber per year for the past six years, most of it hardwood. Hyland's present annual production falls slightly below this, but is well over one million board-feet of lumber per year.

Finally, Wilberforce Veneer operates a veneer mill in the County. The plant produces quality maple and basswood veneer for the furniture industry. Production is at high levels, with planned expansion to new facilities, presently under construction.

2. Directions for Growth

The diminishing supply of good quality hardwood sawlogs is a major obstacle to significant expansion of the County's forest industries. To grow, existing activities will have to incorporate either new manufactured wood products (in addition to lumber), or greater economic use of the undercut, poorer-quality hardwood timber. There are a host of wood-based products that conceivably could be manufactured in Haliburton; however, there are real problems in attracting such industry to Haliburton, given the County's

location. Developing such new manufacturing industry is a long-term proposition. On the other hand, the under-utilized low-quality hardwood trees offer a resource that might be more readily developed on a commercial basis.

In regard to this latter, more immediate prospect, several opportunities were examined. In particular:

- Even low quality timber contains some quality material, although quality sections are often too small to be economically run through a conventional mill. It may be posible, however, to mill this timber in a short-log or bolt mill operation in the County.

- Moreover, low-quality timber has the potential to produce energy, either directly as in firewood or indirectly through some process such as electrical generation or the production of alcohol.

- Finally, the low-quality material has a potential for pulping in the production of hardwood pulp. This potential would be realized to its fullest if a hardwood pulpmill in or near Haliburton County proved to be economically viable.

Of the above opportunities, short-log or bolt milling appears to offer the best short-term opportunity to increase forest activity in Haliburton, since its technical requirements are most closely aligned with present sawmill operations. Low-quality wood is already being harvested for firewood, and this also provides a good short-term possibility. Both energy extraction and pulp production are still some way down the road. The latter in particular would require much further study concerning viability. Each of these opportunities is discussed below.

a) **Bolt Milling**

The problem of quality hardwood log supply, a common concern throughout the industry in Eastern Canada and the Northeastern United States, is forcing operators in some areas to mill shorter logs, or bolts, sometimes as small as four feet in length. The increased milling of shorter, small-diameter logs is seen by some as a natural evolution for the Haliburton forestry industry.

Bolt milling is well established in the eastern United States, but is relatively new to Ontario. It requires new processing equipment that can efficiently mill logs of different diameters and short lengths, as existing milling equipment, particularly in the smaller sawmills, has to date allowed only for the use of traditional long saw logs (e.g., those over 16 feet in length and 12 inches in diameter). The investment requirements of such equipment range anywhere from \$30,000 to \$100,000[26] or more, depending on the sophistication of the equipment chosen and the size of operation. The equipment required depends on the grades of wood handled, and to some extent the market the mill serves.[27]

At a recent meeting on short log product systems,[28] it was pointed out that the marketing of bolt-milled lumber is just developing in Ontario, and some jobbers have reported resistance to this short lumber from Southern Ontario furniture manufacturers. However, spokesmen for the furniture industry in turn felt that growing shortages of long lumber provide a positive marketing outlook.

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26 J.C. Penney & Sons of Maine, U.S.A. does produce basic line hand-fed, short log sawmilling equipment which is available for around \$30,000.

27 In short, there is no one technological 'mix' that can be applied to different mills; rather the emphasis is on the necessity of updating to remain competitive.

28 Discussions at the symposium on the Hardwood Utilization Opportunities, Toronto, March 20-21, 1979, jointly sponsored by Ministry of Industry and Tourism, Ministry of Natural Resources and Eastern Forest Products Laboratory.

In short, given growing supply problems, and the prospect of a developing market, a competitive edge could be gained by the use of short-log equipment. The introduction of bolt milling equipment to one or several of the County's sawmills would increase both the output of quality hardwood lumber and the utilization of poorer quality timber stands. Because of the costs involved, the introduction of such new technology might warrant a joint venture approach by the County's mill operators.

b) Energy-Oriented End Uses of Low Quality Wood:

Over the past few years, a great deal more attention has been given to "alternative" energy sources. One of these alternatives is wood, which can produce energy either through direct burning or through such forms as charcoal or alcohol.

In considering direct burning, increasing consumer interest in energy conservation coupled with a growing emphasis on the enjoyment gained from a fireplace in the home has resulted in a burgeoning demand for firewood in urban markets such as Toronto.[29] Although Haliburton firewood is already being sold in the Toronto market, there are indications that this market could be expanded. Further analysis of transportation costs and contract clients in the Toronto area would be a prerequisite for further initiatives by Haliburton loggers and mill operators in this regard.

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[29] The Resource Appraisal Study also points out that judicious cutting for fuel wood can result in stand improvement (p. 35, Recommendation #3).

The search for alternate energy sources has resulted in an increasing variety of new schemes being developed to extract energy from wood. In some instances close examination has been made of substituting wood-based energy for more conventional sources: the Porter Commission's examination of the potential of generating electricity from low quality hardwoods and the Hearst financial feasibility study[30] are but two such examples. At the local level, the Leslie Frost Centre has examined the possibility of substituting fuelwood for oil to heat their buildings.[31] None of these schemes appear to be commercially viable at this point in time. However, if the price of conventionally sourced energy increases at projected rates, these alternate sources of energy may indeed become more attractive on a commercial basis. In this case, low quality hardwoods would become a valuable resource to the County. Although there would be opportunities for Haliburton businessmen to profit by extraction of energy from the lower-quality hardwoods, this prospect represents a longer-term development potential.

c) The Future Potential of a Hardwood Pulp Mill in Haliburton

As a result of the interest of several individuals in the County, the study team discussed with a number of industry representatives the potential for establishing a hardwood pulp mill in Haliburton. Various government and business officials in Haliburton, Muskoka and Eastern Ontario were contacted for their views, which are related below.

The rationale for a hardwood pulp mill is based on the desire to increase the utilization of lower quality hardwood currently left in the bush or wasted at the mills, and to stimulate the County's wood industry. Despite the attractiveness of the rationale, the results of a preliminary investigation

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[30] Hearst Wood Waste Energy Study, prepared by Acres Shawinigan Ltd., Toronto, 1978.

[31] Feasibility Study for Wood Burning Boiler for L.M. Frost Centre, Ministry of Government Services, March 1978.

indicate that the concept is contentious from every angle, and faces major obstacles. No concensus could be reached on the potential for such a mill; some officials were in total disagreement with the concept while others found some positive aspects to it. None gave unqualified support for, or expressed total optimism in the potential of a new hardwood pulp mill in Haliburton.

In the course of the discussions, five major problem areas were identified. These are outlined briefly below:

i) There is uncertainty with respect to markets for hardwood pulp, particularly given current and projected increased competition from the U.S.A. and South America.

ii) Some observers foresee difficulty with respect to wood supply, while others believe a sufficient supply of feed does exist. The wood utilization pattern in the region has changed substantially since CIP developed their proposal for a mill based on area feed in 1969.

iii) Most individuals considered the environmental constraints to be very severe, although they would to some extent be a function of the mill's location. Technological advances have been made which might provide some relief from this problem.

iv) The profitability of a new mill was questioned by most, given the large capital requirements, uncertain markets and other considerations cited above.

v) The final area of concern related to the size of a new mill, on which opinions were very divergent. Some argued the mill would have to be small (200 tons/day) given potential constraints on wood supply; others argued such a mill would have to be large (600 tons/day minimum) to be an economical operation.* There was also a great deal of uncertainty about the success of technology available for small mill production.

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* At the Economic Development Commission's forestry workshop, Grenville Martin of Martin Lumber Ltd. suggested that a hardwood pulp mill in Haliburton would require 1,400 tons of chips/day, would cost a minimum of $450 million and would generate 750-1,000 new jobs.

These points illustrate the range of views and the many concerns raised respecting the potential of a hardwood pulp mill in Haliburton. A basic concern remains the question of wood supply. In this regard, the Ministry of Natural Resources is currently carrying out an inventory of the wood supply in the Haliburton area, due to be completed in 1980-81. Its results will provide the prerequisite base on which any detailed assessment of the proposal would have to be made. Without this essential background information, most officials feel that any feasibility study would be very premature.

In discussions with the industry about the concept of a pulp mill, the study learned of CIP Limited's 1969 proposal to establish a hardwood pulp mill based on feed from the area. Notes on this proposal are contained in Appendix I.

d) **Marginal Increases to Existing Operations**

At present, only one of the County's smaller mills does any chipping and much of Haliburton's lumber leaves the County "green". There may as a result be some opportunity for marginal increases in output in the County's smaller sawmills, for example, through the addition of chipping and kiln drying activities, although these opportunities may be limited by economic considerations.

Mill operators in Haliburton expressed the view that there are no great benefits to increased chipping activity, largely because high transportation costs of delivering such chips to major markets (i.e., pulp mills) would not outweigh the cost of installing and maintaining new equipment. In this regard, joint venturing by the operators on chipping and other end-product equipment might be investigated.

With respect to kiln drying, the capacity for contract drying in and near Haliburton is already plentiful, and the cost of establishing new kilns is relatively high.[32] The market for kiln-dried products is also limited since most major furniture companies operate their own kilns for quality control. Again, an apparent physical opportunity confronts economic obstacles that would require an innovative approach if they were to be overcome.

e) Allocation of Crown Timber Supply

In discussions throughout the course of the study, it became increasingly apparent that, given dimishing supplies of quality hardwoods, the existing system for allocating timber on Crown land is causing some dissatisfaction, especially among the County's smaller operators. The issues of Crown timber allocation and allowable annual cut have complexities well beyond the capabilities of this study. On the surface, however, there appear to be areas in and around the County where not all stands under long-term Order-in-Council licences are being utilized to the extent possible.

In this regard, the new management plan due to be implemented in 1980 will present new facts on the state of the area's forest resource and will provide a basis foı alleviating some of the tensions that have developed locally over both the amount of Crown timber that can be cut, and existing licensing arrangements.

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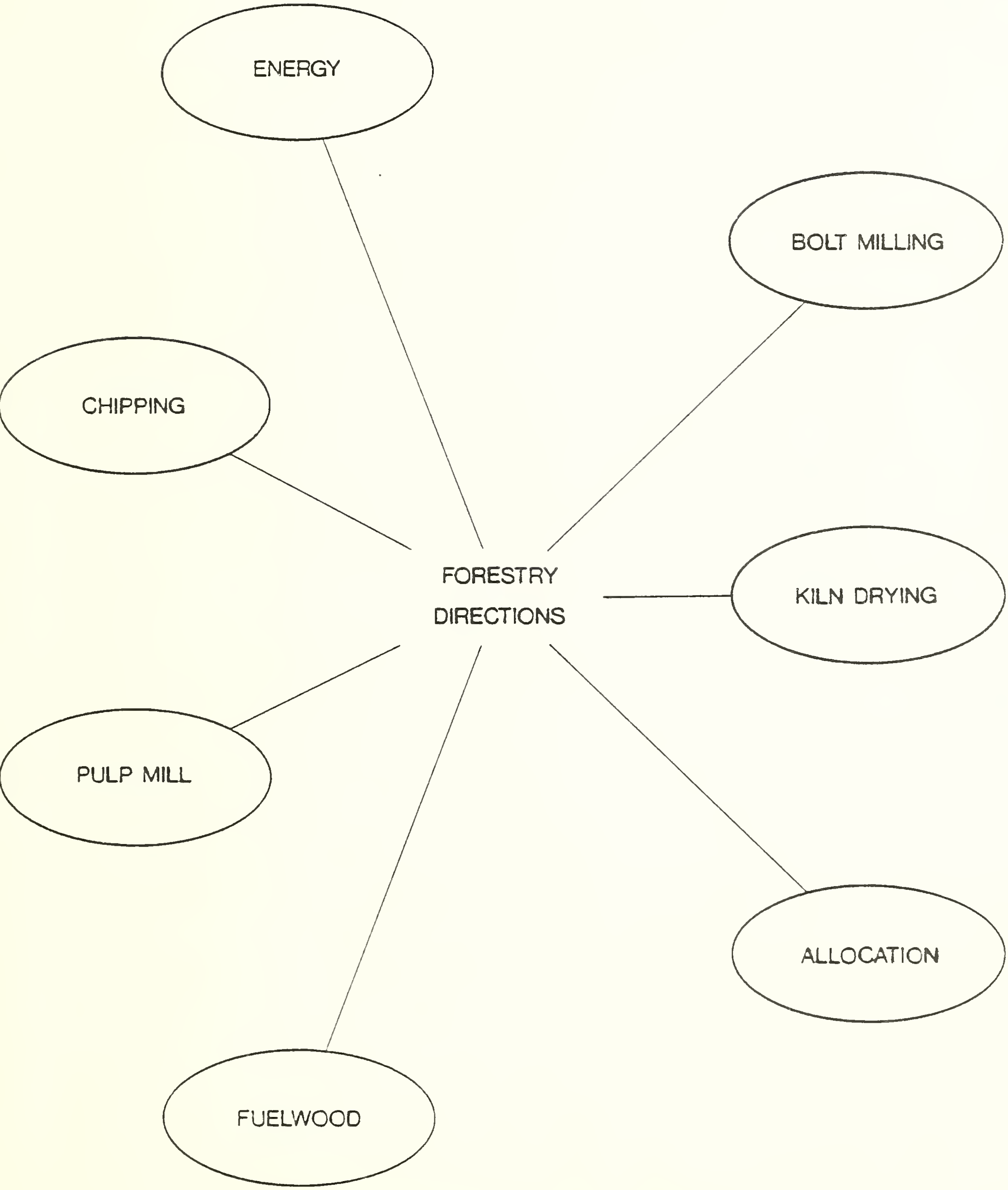
[32] Canada Wood Specialities Limited of Orillia recently established two new kilns with a capacity of 40,000 board-feet at an approximate cost of $150,000.


ENERGY
BOLT MILLING
CHIPPING
FORESTRY DIRECTIONS
KILN DRYING
PULP MILL
ALLOCATION
FUELWOOD

CHAPTER 5

HALIBURTON MAPLE SYRUP: A SPECIFIC DEVELOPMENT PROPOSAL

This chapter presents a first look at the potential for increased maple syrup production in Haliburton. As such, it differs from the broader, sectoral approach of other chapters, serving as an example of the more specific, project-scale growth opportunity that could be further investigated and followed up at the County level.

In doing the initial analysis of maple syrup's potential in Haliburton, contact was made with the Ministry of Agriculture and Food in Toronto, its agriculture representative in Lindsay, the Maple Syrup Producers Association of Ontario (several Haliburton producers belong), several producers in Haliburton and neighbouring areas, and officials at the Leslie Frost Centre, who operate a bush on the Centre's property. All those contacted were optimistic about the potential of maple syrup production in Haliburton, and some were perplexed about the current small scale of operations and production in the County. It was for these reasons the Study initiated investigation into the opportunity, and briefly examined the aspects of supply, marketing, competition, and scale of operation.

The results of this brief examination concurred with the optimism initially encountered, and consequently more effort is proposed. The development project outlined in the following pages is based on the introduction of commercial-scale production of maple syrup for County, Ontario and broader markets.

1. Supply

All those contacted agreed that there exists a tremendous number of sugar bush stands in Haliburton that are not now tapped. Less than 2 per cent of tappable stands in Ontario are being tapped, and there are indications that this low utilization also applies to the County. One contact, Charles Tylor, has had the County flown and mapped for stands, and is convinced of the adequacy of the resource for large-scale commercial production.

Three major constraints on supply were reported:

i. roads/access: in this regard, Haliburton is in a good position --a central network of roads exists, and could well serve a central evaporator system (the service area of an evaporator is about a 20-mile radius).

ii. short season because of altitude: although this was mentioned in one disccussion, it was not considered a severe constraint by others.

iii. labour for tapping: this is seasonal, part-time, and hard work.*

However, the major challenge of ORGANIZING the supply on a commercial basis remains. Currently, most produce is sold at the farmgate by the majority of suppliers, as a part-time, supplementary farming activity. If bulk production is to work, an organized supply system to properly feed a central evaporator is required.

In short, more trees have to be tapped and a supply network established. One contact lamented that within 30 miles there were sufficient bushes to supply his maple syrup confectionary operation, yet he had to import most of his raw material from Quebec. Some people felt that a subsidy for tapping similar to that provided in Quebec (75¢ per tap toward installation of tubing, to encourage conversion from buckets), would stimulate more tapping, although no consensus really emerged about the effectiveness of this encouragement. Finally, the problems relating to tapping on lands of absent landowners and on Crown land were also raised, and remain as issues to be further investigated.

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*One contact raised the possibility of hiring wood cutters who are used to rugged outdoor work and are handling less wood this time of year.

2. Marketing

As mentioned above, many maple syrup producers in the area are small, independent, non-commercial, even "hobby producers"; most are farmers who engage in this seasonal activity, supplementing their income through retailing at the gate. Thus, a commercial marketing setup does not exist, even for local markets out of season (summer cottagers, for example). Storage, or bulk packaging (drums) is not practised.

Any increase in flexibility for longer-term sales would stimulate greater production, and commercial-size packaging would allow regular large volume customer contracts (including mail order), as well as repackaging in any size container for which demand emerges.

Suggested market areas included not only the Toronto area, but more exotic foreign buyers (including Europe and Japan), and "right at home" to tourists, in any season. The possible potential for marketing as part of a "festival" attraction for tourists (see Chapter 2 & 4) was also raised. Yet another marketing idea was that distinctive Haliburton labelling would build and sustain a market through product identification.[33] Such labelling is already done in the Waterloo area, with Mennonite syrup.

The present market prospects are good: production in Ontario has remained relatively constant, but demand has increased substantially, reflected in the current high prices of $20/gallon and upwards. It is projected that the market will continue to grow with interest in pure, natural food and increased consumer sophistication, and could be further expanded through marketing maple syrup as a luxury food item.

New outlets could include: the Canadian souvenir trade,(conventions, hotels, airports, gift shops, department stores) and Christmas gift sales (to businesses for example). These are being increasingly tapped by Quebec syrup (3/4 of the maple syrup consumed in Ontario is from Quebec).

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[33] Such Haliburton labelling would also assist more general promotion efforts for the County, as discussed in Chapter 2.1

Despite such potential markets, today Ontario producers cannot guarantee reliable supply to supermarket chains, hotels or other volume buyers. At the same time, the Ministry of Agriculture and Food has received inquiries from Boston (even though New England is a major producer), the Southern U.S.A., and Japan.

3. Labour and Equipment

Labour currently presents a constraint for commercial-scale production, given the rigorous demands of the work and its seasonality. Much of the labour component is being replaced by tubing (less than 50 per cent of Ontario taps are on tubing), which allows expanded production and higher efficiency. If a central evaporator were established, increased employment in both hauling and at the site would result and more labour would be required in the bush (in absolute numbers) because of increased supply requirements.

A major piece of equipment for volume production, a commercial-scale evaporator, would cost at minimum approximately $3,500 plus setup, (wood-fired); although an oil-fired one could be slightly cheaper, Haliburton's abundant fuelwood supply could take advantage of the cheaper operating costs of wood. No estimates were received for larger central evaporator systems. This remains to be explored further, and would form a necessary part of a detailed proposal.

4. Organization

The above notes gathered in discussions suggest an excellent potential outlook for increased maple syrup production in Haliburton. Should commercial-scale production tap a number of County sugar bushes that in aggregate cover a thousand acres (not unrealistic in Haliburton, given its supply of sugar bushes), maple syrup sales would annually contribute over $½ million at current prices to the producers, and generate some 15 year-round jobs, and over 40 during the season. As a result, Haliburton would also produce over 20 per cent of Ontario's total annual maple syrup production.

However, all individuals contacted agreed that the missing ingredient in achieving such economic expansion is "organization". The traditional, small, individual approach to syrup production allows neither commercial volume nor commercial-scale investment. This was cited as the major constraint to the proposal.

5. The Proposal

Proposed is the establishment of a commercial maple syrup operation in Haliburton, with a producers' organization and a marketing plan.

The proposal is based on:

A. a larger, better organized supply system featuring:

1. encouragement of new tapping, using plastic lines;
2. increased sugar bush management on WIA lands; ?
3. increased tapping on both Crown and patent lands;
4. the establishment of a commercial-scale central evaporator;
5. an organized delivery system to the evaporator;
6. encouragement of new producers.

B. a marketing plan featuring:

1. packaging and storing "facilities" to serve the domestic County tourist and cottager market, throughout the year;

2. contract marketing outside the County;

3. expanded product lines, including flexible packaging and further end-processing;

4. a County maple syrup festival, held during March break;

5. expanded product promotion at events like the Royal Winter Fair and other trade and food shows; and

6. distinctive product labelling, citing Haliburton County.

C. a labour component featuring:

1. the hiring of full-time management for the operation;

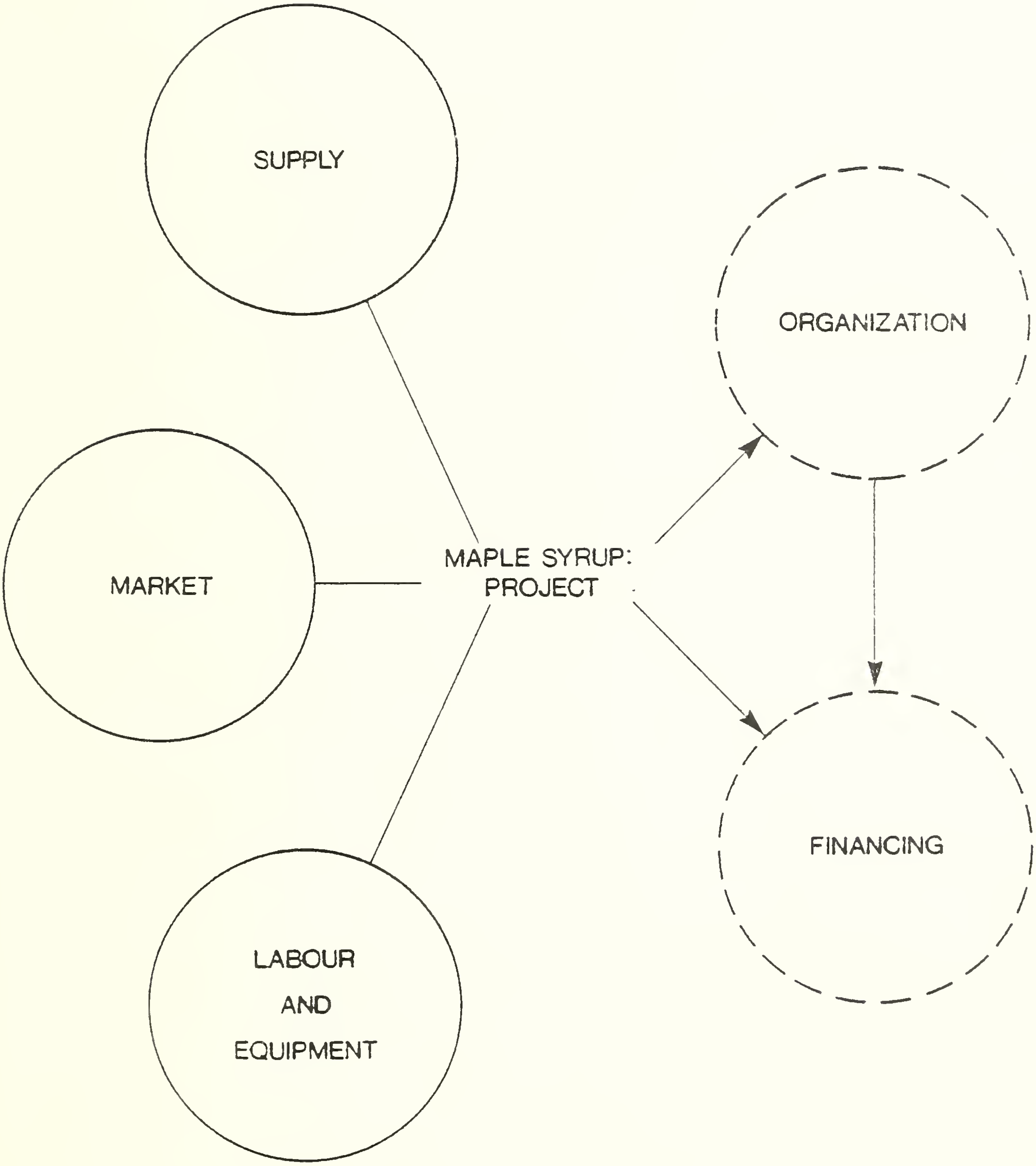
2. utilization of existing Federal wage subsidy programs; and

3. the hiring of wood cutters and farmers' help for seasonal operations.

Many of the proposal's features are currently resident in the County: there are several large producers, one that markets confectionary products and already promotes at the Royal Winter Fair; there is knowledge already in the County of equipment necessary for commercial-scale production; the location and extent of most major sugar bushes are known; and there exists, both within the Ministry of Agriculture and Food and in the Ministry of Natural Resources, a good deal of expertise in the area of syrup production and bush management.

Two main ingredients of the proposal are currently missing in Haliburton: organization and funding behind the establishment of such a commercial venture. If existing producers and interested County residents and officials organize and draft a detailed proposal for such a commercial-scale production system in Haliburton, financing would in all likelihood be available from conventional sources.

This proposal cannot be explored further -- its scenarios and features vary almost immediately — without response and initiative from within the County. In sum, the conditions in Haliburton for commercial-scale maple syrup production appear to be favourable, providing a solid base for locally intitiated expansion.


SUPPLY
ORGANIZATION
MARKET
MAPLE SYRUP:
PROJECT
FINANCING
LABOUR
AND
EQUIPMENT

CHAPTER 6

ORGANIZING FOR DEVELOPMENT

The previous chapters of this Study have identified a number of potentials for development. These were based on analyses that weighed the "comparative advantages" that Haliburton enjoys with the continuing constraints to development the County faces.

The constraints apply in particular to further manufacturing development. Realities such as the current lack of serviced industrial land and the County's location yield a more narrowly defined range of prospects in this industrial sector. These obstacles point to the need for a focussed or "targeted" approach to promotion efforts in the County. Such a targeted approach would emphasize the advantages Haliburton has to offer a number of selected industrial activities.

The potential for targeted industrial development, however, is not the only sector the County could stress in promotion campaigns. Indeed, as indicated in previous chapters, the tourism and recreation sectors hold significant promise as generators of future employment and income opportunities.

Addressing the opportunities of these sectors will require an effectively tailored organizational framework. Currently, there are several organizations concerned with promoting development in Haliburton, in addition to the County and municipal councils:

- The Haliburton Highlands Chamber of Commerce has a membership of over 300 representing a broad range of businesses in the County. The Chamber maintains a small staff to co-ordinate its activities. One key output of the Chamber is the annual publication "Haliburton Highlands-Enjoy Yourself". This full-colour brochure provides a detailed listing of recreation and service facilities available to Haliburton visitors. It is

widely distributed by Provincial tourist information centres across Ontario and through direct distribution by the Chamber and its members. The Chamber also produces other information pamphlets on specific activities in the County.

. In the Lake Kashagawigamog area, tourism promotion is supplemented by a local association composed of some forty tourist operators and area businessmen which publishes its own area brochure.

. In terms of industrial promotion, Haliburton had for a number of years an Industrial Development Commission which consisted of members appointed by County Council. Its activities were somewhat limited, and in late 1978 Council decided to establish a new body, the Haliburton County Economic Development Commission. This Commission comprises 9 members - three from County Council, three from the Chamber of Commerce, and three independent members. As part of its formative stage, the Commission has been holding a series of public meetings during the spring months on the theme 'Search for Development'. The establishment of this Commission affirms the County's commitment to attracting new growth, and should serve to complement the activities already noted above.

In addressing the matter of further development promotion, other areas in the province were examined to better understand the environment in which Haliburton must compete. A survey of municipalities in Central Ontario indicated that almost 70 per cent of the population reside in a centre where industrial development is being actively pursued. The survey revealed that although the larger centres are developing more sophisticated techniques to promote themselves, there is an increasing trend for smaller centres to enter the business of attracting new industry. Today, both Orillia and Lindsay, for example, have active industrial promotion programs with an industrial commissioner on staff and promotional budgets of over $25,000. Owen Sound, a municipality with a population of less than 20,000, has committed almost $70,000 for industrial promotion for the current year. A new industrial commissioner was recently hired and the city has embarked on an aggressive advertising campaign.

On the other hand, the survey pointed to a noticeable lack of active promotion in the outer areas of Central Ontario, particularly Haliburton, Muskoka and Northumberland. It identified that Haliburton County spends no money on direct promotion. (The County does allocate funds to the Chamber of Commerce; however, this approach differs from the other areas in botn its nature and magnitude).

Many municipalities have found that the most effective way to actively pursue new investment is through an industrial or economic development commissioner. This arrangement allows one individual to work exclusively on developing contacts and promoting the area. This meets an important criterion of having a single source of information and contact in the area responsible for new industrial development. Industrial development officials have repeatedly stressed the importance of establishing and maintaining a clear and understandable focus for development within the area. An entrepreneur interested in any sort of new investment, whether it is tourist, commercial or industrial related, should not have to approach several persons and bodies to get his questions answered.

In more populous areas, promotion is sometimes pursued independently by each municipality, as in the Regional Municipalities of Niagara and York. In other cases, such as Peel and Durham, a joint effort to promote the Region as a whole has met with a high degree of success. Under the Municipal Act, a municipality, region or county must have a population in excess of 5,000 before establishing an industries department or hiring an industrial commissioner. Thus in Haliburton such a step can be taken only at the County level.

In sum, the evidence concludes that the success of any development program or 'plan of action' will be affected by how the County organizes and assigns responsibility. The mandate of the recently established Economic Development Commission gives it prime responsibility for advice on the development and execution of a plan of action. One consideration will be the means of enacting such a strategy. As noted earlier, other areas in Ontario have hired full-time commissioner advice to carry out strategy directions. A related organizational question is individual municipal pursuit of development activities. Again, evidence from other areas suggests that a joint area or

County-wide co-operative approach can be effective, and, as noted earlier, the Municipal Act would preclude the hiring of commissioners by Haliburton's municipalities.

In discussions the Study team noted at present some sharing of responsibility for future economic promotion, particularly as it relates to tourism and recreation development. The new Economic Development Commission, by virture of its composition, hears the views of County Council, the Chamber of Commerce and interested citizens and offers an appropriate forum for investigating a broad range of development concerns. The minutes from the Commission's initial meetings suggest that it will concern itself primarily with investment outside of the area of tourism, leaving the latter ongoing responsibility with the Chamber of Commerce. The Commission has left open the option to pursue major recreational investment in the area.

As noted earlier, recreational investment has the potential to grow significantly in Ontario, and those areas welcoming large-scale recreational development will benefit from this trend. Should the County choose to continue sharing responsiblity for industrial and tourist development between the Commission and the Chamber respectively, several questions remain:

- how will investment be promoted and developed?
- will a portion of the Chamber's or Commission's budget be designated for tourism development purposes?
- will the Chamber or Commission develop tourism investment information that clearly details facts required by major recreational entrepreneurs?

In conclusion, the County faces several tasks in organizing for new development:

1. the development of a plan of action or strategy to attract new investment, currently underway by the Economic Development Commission;

2. the organization of responsibility for implementation of the program or strategy; and

3. the establishment of promotional efforts geared to a selected or 'targeted' market consistent with the strategy.

The recent creation of the Economic Development Commission and County Council's request for this background study are evidence that Haliburton has started to address these important tasks.

APPENDIX I

1. The CIP Pulpmill Proposal

In the late sixties and early seventies, CIP Limited proposed establishing a hardwood pulp mill in the Haliburton area. The following are highlights of the proposal:

- the mill was to be large, with a final capacity of some 500 to 1,500 tons of output per day, requiring a feed of some 300,000 to 900,000 cunits of hardwood chips per year;

- five possible locations (including one on the Burnt River) were narrowed to two alternative sites, one near Bancroft and the other on Lake Ontario in the Cobourg-Trenton area;

- problems cited with the Bancroft site included the necessary introduction of additional hydro transmission lines and the additional heavy costs of pollution treatment over a site beside Lake Ontario. Also, water supply problems at Bancroft would not allow expansion of mill capacity beyond 1,000 tons per day. In the end, the Lake Ontario site was chosen.

- in 1969, wood supply was not a problem as one million cunits per year of hardwoods were considered available in the area stretching from Huntsville to Pembroke, and from the northern reaches of Algonquin Park south to approximately Highway 7. Sixty per cent of the identified supply was on private land;

- in 1971 CIP abandoned the project, citing difficult conditions in the pulp and paper industry at the time, and a low rate of return as the main reasons for their decision.

APPENDIX II

Producing Mines

Haliburton County currently produces only non-metallic minerals. A brief introduction to each of the producing operations is given below.

- **Bolenders Limited**

This operation, now owned by Bob Marrow, has continued uninterupted since 1972, and is located in Guilford township, about a quarter of a mile west of the village of Eagle Lake. At this site, dolomitic marble is quarried, crushed and screened to various sizes for such diverse uses as driveway paving and poultry feed grit. Many of the products of this operation find uses outside the County. The chips used for exterior finish of the Ontario Science Centre in Toronto, for example came from Bolenders. In addition, poultry feed grit is exported to the Province of Quebec and to the Maritimes.

Bolenders employed 17 to 19 persons a few years ago, but greater usage of capital intensive equipment has reduced the number of employees to about 10. If the company is successful in its attempts to produce agricultural lime, employment may go up to 13 or so.

- **Other Quarries**

In McClintock Township there are three small quarries which operate only on custom order. Wayne Borer operates a tonalite and flagstone quarry and Leonard Lock operates a flagstone quarry to fill small orders. Richard Kinsman operates a quartz quarry, the market being making quartz chips for electronic applications. Some of the product is shipped to the U.S.A.

It is unlikely that these operations will expand on a substantial scale. Large new production in both instances is not demanded by present markets.

Potential Mines

A joint venture, Cam-Kerr Addison - Dolores holds some 300-400 claims in the Township of Cardiff adjoining Faraday Township in Hastings. These claims include various uranium deposits, some of which were previously mined by Bicroft mines. It is estimated that these deposits may contain about 1 million tonnes (metric tons) of ore containing about 1.2 pounds of uranium oxide per tonne. It is possible that further exploration below the 500 foot level may increase the size of known ore bodies.

Esso Mineral Resources, a subsidiary of Imperial Oil, holds options on various uranium bearing properties of Amalgamated Rare Earth in the County. The properties are estimated to contain some 1.6 million tonnes of ore grading 2.1 pounds of uranium oxide per tonne. Recent discoveries of much richer ore bodies at Midwest Lake, Saskatchewan, however, have the current attention of Esso's resources and personnel.

Uranex Resources (formed in February 1978 through an amalgamation of Powerex Resources and Landair) has 34 claims in Cardiff and Monmouth townships of the County. Some of these claims have uranium deposits in addition to industrial minerals such as marble, magnetite and flourite. Ontario's Mineral Exploration Assistance Program (M.E.A.P.) has been used to aid exploration on this property.

All the uranium properties listed above are marginal taken individually, and their prospects depend upon a large number of variables, including:

- the availability of long term contracts at a price above $50 U.S./pound.
- the feasibility of a custom mill to handle ore from more than one deposit; and
- the complexity of regulations governing environment, health, labour and so on.

Marginal Prospects

Flourite occurrences are known in some townships in the County. Flourite is used primarily as a reducing agent in the steel industry, and as flux in steel and aluminum mills.

The nepheline - syenite deposits in Glamorgan township were used during the war period as a source of aluminum, but it is no longer economical to mine them given current market conditions. Nepheline -syenite can be used as a polishing agent in emery cloth.

Fleck graphite can be found in small quantities in most of the marble occurrences in the region. Graphite is used either in the electrical field or as a lubricant. Although the price of graphite is expected to rise, County graphite sources are not expected to become economic in the near future.

APPENDIX III

The study team would like to thank the following individuals and representatives of organizations who have made themselves available for discussions and provided information over the past few months:

John Ardagh	Co-ordinator, Field Offices, MIT
Fred Baum	Reeve, United Townships of Sherborne, McLintock and Livingston
Wyn Bestwick	MIT District Office, Huntsville
Richard Blagi	Proprietor, Hyland Lumber, Haliburton
Joe Bird	General Manager, Algonquin Forest Authority, Huntsville
Bob Bishop	Proprietor, Sir Sam's Ski Hill
Barbara Bolin	Director, Sir Sanford Fleming College
Paul Burgess	Leslie Frost Centre
Brian Cross	Forest Management Supervisor,MNR, Minden
Jim Csanig	Proprietor, Hyland Lumber, Haliburton
Mrs. Eileen Crawford	Proprietor, Hart Lodge, Highway 35
Murray Fearrey	Reeve, Municipality of Dysart et al
Ken Fielding	Haliburton Snowmobile Association
Robert Fotheringham	Reeve, Glamorgan Township
Ron Gamble	Reeve, Letterworth Township
Edmund Goldthorp	Pinehill Log Homes Ltd. Ottongue Lake
Ken Green	Smokey Kettle, Maple Syrup Products Retailer, Nipissing
Mr. & Mrs. Neil Griffin	Proprietors, Cherokee Lodge, Highway 35
Carm Hamilton	OMAF, Lindsay
George Hamilton	Director, Leslie Frost Centre
Bill Hardy	Leslie Frost Centre
Grant Harper	Uranex Limited
Jim Harrison	Reeve, Stanhope Township, County Warden
Eldon Harvey	Plant Manager, Domtar Construction Materials, Huntsville
Zia Hasson	Esso Minerals Ltd.

Herb Henry	Regional Forester, MNR, Huntsville
Glen Hodgson	Chairman, Economic Development Commission
John Hogg	President, Haliburton Highlands Chamber of Commerce
Murray Hunter	Proprietor, Hunter Lumber Ltd., Gooderham
William Hunter	Hunter Trucking, Gooderham
Peter Hynard	Unit Forester, MNR, Minden
Doug Jure	Tourism Marketing, MIT
Mrs. Win Lahay	Clerk-Treasurer, Haliburton County
Ross Lawrence	Proprietor, Homestead Camp Ground
Dave Leader	Private Land Technician, MNR, Minden
D.A. Lowrie	V.P. Exploration, Kerr Addison Ltd.
Malcolm McGillivry	Reeve, Cardiff Township
Wayne McGillivray	Innkeeper, Pinestone Inn
Bill McGarrity	Manager, Weldwood of Canada Ltd., Huntsville
Jim McLean	Haliburton Highlands Chamber of Commerce
Grenville Martin	Proprietor, G.W. Martin Ltd., Harcourt
Sinclair Nesbitt	Reeve, Township of Anson, Hinden, Minden
Keith Oitment	Timber Technician, MNR, Minden
Jim Orr	Proprietor, Sir Sam's Inn
Blair Pierce	Haliburton Cross Country Ski Association
Peter Priestman	Proprietor, Terrace Inn, Wilberforce
Bob Stinson	Secretary-Manager, Haliburton Highlands Chamber of Commerce
Elgin Stouffer	Proprietor, Stouffer's Sawmill
Keith Tallman	Reeve, Monmouth Township
Fred Taylor	Office Manager, Wilberforce Veneer Ltd.
Jim Trussler	Regional Geologist, MNR, Huntsville
Charles Tylor	Maple Syrup Producer
Dennis Weymouth	Proprietor, Silver Springs Cabins
Robert Vick	Reeve, Snowden Township
Pat Waddell	Manager, Haliburton Forest and Wildlife Reserve Ltd.

Art Ward	Proprietor, Wig-A-Mog Inn
Mrs. Ray Woodward	Manager, Woodlands Ranch
A.W. White	Amalgamated Rare Earth Ltd.
Don White	District Manager, MNR, Minden.

Ontario. Ministry of Treasury and Economics. Economic Development Branch.

Haliburton economic development study.